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Framework Convention on Climate Change (FCCC)  
Second Session of the Conference of the Parties (COP 2)  
Ad Hoc Group on the Berlin Mandate (AGBM)  
Subsidiary Body for Scientific and Technological Advice (SBSTA)  
Subsidiary Body for Implementation (SBI)

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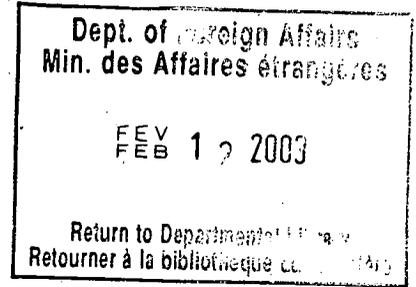
**SECOND SESSION OF THE COP  
FOURTH SESSION OF THE AGBM  
AND THIRD SESSION OF THE SBSTA AND SBI**

*July 8 to 19, 1996*

*Geneva*

**DELEGATION REPORT**

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Reporting Tel: Second Conference of the Parties (COP 2) of The Framework Convention on Climate Change, July 8-19, Geneva

---Candel to COP 2 was headed by Minister Marchi and included John A. Fraser, ambassador for the environment, ADM Tony Clarke/EPS/ENVCDA, and Peter Fawcett/AGE/DFAIT as alternate heads. Other members of COP 2 del included Kristi Varangu/Env Div/NRCAN, John Drexhage/GAIB/ENVCDA, Sushma Gera/AGE/DFAIT, Anthony Knill, EA to Minister of the Environment, Kathy Wilkinson, Special Advisor to Minister of the Environment, John Dillon/Business Council on National Issues, and Louise Comeau/Sierra Club of Canada.

2. Substantive agenda items for COP 2 included: review of the implementation of the convention with respect to national communications and the financial mechanism; reports of subsidiary bodies and guidance on future work; and administrative and financial matters related to the establishment of the permanent secretariat. Ministerial segment (July 17-19) included ministerial statements, a roundtable, and a contact group to try to draft a ministerial declaration. Topics for the roundtable included the Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC), current commitments, and the Berlin Mandate process.

3. Summary: over 900 government delegates - including 80 Ministers, and 600 observers participated in the two wk mtg. As a COP Bureau member, Canada was asked to chair a ministerial contact group drafting session for a Ministerial Declaration, which included about 20 developed and developing country Party representatives as friends of the President of the Conference. Minister Marchi, as the chair of this group, displayed leadership and attention to the concerns of the participants in developing the Ministerial Declaration, which provides direction to second year of negotiations under the Berlin Mandate. This Declaration was noted by COP President/Zimbabwe, and will be annexed to COP 2 decisions. Although supported by a majority of Parties, it was not adopted. The challenge for Canada was to move the negotiations forward, while maintaining sufficient flexibility in the negotiations before any specific commitments are made internationally.

4. Ministers stressed the need to accelerate negotiations under the Berlin Mandate process. They also endorsed the Second Assessment Report of the IPCC quote as the most comprehensive and authoritative assessment of the science of climate change, its impacts, and response options now available quote. COP 2 also adopted a number of final decisions, one of the most important decision was an agreement on the guidelines for the preparation of national communications of non-Annex 1 Parties (i.e. developing countries national reports on climate change). Developing countries will start submitting their reports in April 1997. Most developed countries have already submitted their first national communications, and their second communications are due in April 1997. Other decisions concern technology transfer, financial support for the Convention related activities in developing countries, and Activities Implemented Jointly (AIJ), and revisions to

guidelines for Annex 1 national communications.

5. In addition to regular sessions of the Convention, several special events were held in the margins and featured issues such as the concerns of the insurance industry about the potential costs of climate change, the potential health effects of climate change, economic costs of addressing climate change, development of new technologies, and activities implemented jointly.

6. The next negotiating session will take place December 9-18 in Geneva, followed by two or three sessions in Bonn in 1997. The Third Conference of the Parties will be hosted by Japan in Kyoto from 1-12 December 1997, when a Protocol or other legal instrument is expected to be adopted. The Secretariat has requested submissions on elements to be included in a Protocol or other legal instrument, including views on quantified emissions limitation and reduction objectives (QELROs) and Policies and Measures (Ps and Ms) by October 15. Submissions on AIJ are due by September 1, and the Second National Communication is due April 15, 1997.

#### REPORT

7. Ministerial Declaration: On the Ministerial Declaration, also referred to as the Geneva declaration - Environment Minister Marchi was requested by the President of the COP ( Zimbabwe's Minister of Environment and Tourism) to chair a ministerial level contact group with twenty two other Parties, with a view to seeking an agreement on a ministerial declaration. Not all parties accepted this Declaration (OPEC members, Russia and Australia expressed their reservations, New Zealand expressed concerns with the lack of reference to least cost approach), hence it was not adopted. Strong support for the statement was expressed by the EU and the United States, along with tacit support from major developing countries, including China, Brazil, Argentina, the Africa Group and AOSIS Parties. Several other G 77 members, in particular the Asian Group, who did not want to participate in the drafting group did not express views on the Declaration. Nevertheless, the declaration reflected a general consensus that negotiations should move forward quickly on climate change.

8. The declaration provides important guidance to negotiators in the Berlin Mandate process. The statement sought to address important issues including the recognition and endorsement of the key findings of the Second Assessment Report, covering the science, impacts and socio-economics of Climate Change; the conclusion that the continued rise in GHG concentrations in the atmosphere will lead to dangerous interference with the climate system; and instructions to Parties to accelerate negotiations for a legal instrument by COP3, that would encompass, inter alia, quantified legally binding objectives for emission limitations and significant overall reductions, and commitments for all Parties to advance implementation of current commitments in Article 4.1.

9. The President asked the COP to take note of the Ministerial Declaration and it will be annexed to the COP decisions, including the reservations. In his report of the AGBM chairman Estrada (Argentina) referred to the Declaration indicating that it will have <sup>an important</sup> bearing on the upcoming sessions. ~~\_\_\_\_\_~~

~~\_\_\_\_\_~~ A number of developing country Parties including the G 77 chair complained about the lack transparency and openness in its development, that will have to taken into account in future developments under the Convention, even though these Parties had many opportunities to participate in the drafting of this declaration.

10. Ministerial Roundtable: Participants in the ministerial roundtable agreed that the SAR provides important scientific elements to be considered when taking decisions on climate change and a very large majority intend to use the conclusions as the basis for political action. On advancing existing commitments, participants noted that measures taken are strongly influenced by national circumstances and require closer collaboration between the different ministries dealing with questions related to climate change. Ministers confirmed their will to accelerate negotiations under the Berlin Mandate so as to have a legal instrument adopted at COP 3 and many expressed their wish to adopt a ministerial declaration reflecting the outcome of COP 2. The secretariat attempted to organize a strategic discussion among ministers to give direction to the negotiations, however due to opposition by many parties to limiting discussion to ministers only (many dels had no ministers attending), discussion in the roundtable in many cases amounted to a restatement of positions but it did generate support for a ministerial declaration.

11. Ministerial Statements - Minister Marchi was the 12 th minister or head of del to give a statement during the ministerial session of the COP 2. The statement was well received and focused on three essential elements: the belief, on the part of Canada, that science has spoken in a voice that is loud and clear (the minister referred to the recently completed Mackenzie Basin Study as an example of regional impact studies that Canada is embarking on); while the threat of climate change is real, Annex 1 efforts to limit ghg emissions are not working as well as we expected; and, finally the need for all parties to strengthen their efforts as they accelerate work towards a post-2000 agreement at COP 3.

12. Common Interest Group meetings: Canada chaired two meetings of the Common Interest Group (CIG) one of OECD countries to exchange views on the nature of climate change commitments to be taken on by Korea as it accedes to the OECD. As a result, many OECD countries held bilateral meetings to encourage Korea to participate in the negotiations as a developed country Party, but without immediately taking on ghg emission obligations, which Korean officials emphasized would not be possible in light of their economic growth. The other CIG meeting involved Annex 1 Parties (OECD and Eastern European countries) in a discussion of a Ministerial Declaration which contributed to the development of a draft used by Ministers. As chair, we are undertaking to organize a CIG meeting this Fall coincident with the OECD climate change forum in order to facilitate a more

strategic discussion on the elements of future commitments.

13. Rules of Procedure: Agreement on Rules of Procedure continues to elude Parties despite the efforts of outgoing President of the Conference of the Parties, Minister Merkel of Germany, who presented a new formulation for rule 42 on voting, for a three-quarters majority on substantive measures and a double three-quarters majority on financial matters (ie Annex I and non-Annex I countries). In spite of the willingness of most Annex I countries to support this proposal the G77 rejected it outright, because in their view, a double majority would confer special rights on Annex I countries. Saudi Arabia raised the issue of Rule 22, with respect to the composition of the Bureau, indicating their continued interest in a seat for OPEC, if one is reserved for the Alliance of Small Island States (AOSIS). In the COP sessions Saudi Arabia also objected to the application of the Rules, in the absence of an agreement. The President of the COP (Zimbabwe) succeeded in having the COP bureau elected (2 representatives from each of 5 regional groups including Tony Clarke of Canada and a representative of AOSIS) and the chairs of the subsidiary bodies.

14. IPCC: The key item of discussion for SBSTA was the Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC). Two issues were debated: first, that the SAR is currently the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available, and second, that the SAR should be used as the basis for urgently strengthening action on climate change. The first issue was agreed to at SBSTA. The question of whether the SAR should form the basis for urgent action was opposed by several countries, including the OPEC countries, China and Russia, resulting in a stalemate on the second issue, nor was SBSTA successful in identifying discrete elements of the SAR which could be of guidance to the AGBM negotiations. The Ministerial sought to go further endorsing both elements, i.e., that the IPCC SAR is a step forward, and that science should provide a scientific basis for urgently strengthening action on climate change.

15. Possible features of a Protocol or other legal instrument: A consensus is emerging that the same institutions be used, should a Protocol be the result at COP 3. Those Parties who expressed a preference supported a Protocol, while a number of others kept their options open, without expressing a preference. China indicated that it was against an amendment. We supported the use of the same Secretariat and Conference of the Parties.

16 The Chairman also made available to the AGBM a legal opinion from the United Nations Office of Legal Affairs with respect to the implications of Article 17.2, which requires that the proposed text be communicated to the Parties before its proposed adoption. According to this opinion, it is not essential that the text that is circulated six months before the text is adopted be in its final form. However, the draft text that is circulated must be "elaborated enough to enable the Conference to adopt the final text of that instrument". Canada also noted

that the procedural 6 month rule should not be interpreted as a bar to adoption of a protocol. Further development of this item must be preceded by some movement on the type of commitments that could be made.

17. Strengthening Commitments in Article 4.2(a) and (b): items for discussion under this heading included Policies and Measures (P&Ms), Quantified Emission and Limitation Objectives (QELROs), possible impacts on developing countries of new Annex 1 commitments. Open roundtables on all three topics as part of the official agenda of the AGBM, kicked off the discussion.

18. P&Ms roundtable debate focussed on the pros and cons of mandatory harmonized P&Ms (annex 1 of the EU proposed menu) versus an optional list of individual P&Ms (the U.S.A. proposed menu). The U.S.A. continues to be clear that, in its view, no single set of P&Ms could apply to all countries given divergent circumstances -- individual governments should choose P&Ms based on their own circumstances. The EU stated that a coordinated/mandatory approach would enhance progress by reducing participants' opportunity costs -- non-mandatory P&Ms would be ineffective. Examples of possible coordinated P&Ms included: renewable energy development, product standards, measures in energy intensive industry sectors, fiscal and economic measures, and international air and marine transport. There was also discussion of quote no-regrets unquote measures.

19. The QELROs roundtable also highlighted that there remain many conflicting ideas and approaches. Germany reiterated support for large reductions (10% by 2005 and 15-20% by 2010). Existing efforts of a non-compliance nature were seen as ineffective and a purely cost-benefit approach would lead to further inaction. On the other side, Australia's MEGABARE presenter and others questioned the feasibility of a uniform reduction target or suggested that it was too early to draft conclusions on actual reduction levels without an assessment of costs and benefits. There were also some supporting differentiation and others a uniform objective, although many agreed that recognizing differing circumstances was essential to achieving QELROs. There appeared to be a great deal of support for single party versus multi-party obligations.

20. The final roundtable on possible impacts on developing countries, was a late addition to the agenda. Saudi Arabia opened the session noting that more than 80 developing countries would be adversely affected by mitigative efforts in Annex 1 countries. There was some discussion that imposing only quote punitive unquote measures such as carbon taxes, would have a disproportionate effect on developing country economies, especially those dependent upon oil. On the other side of the discussion, illustrated by the Philippines, it was noted that economic and environmental costs of climate change (i.e. inaction) would be much greater than short-term costs of actions by Annex 1 countries. It was argued that the need to take action can stimulate technology innovation, increasing economic and welfare gains. Some, including developing countries, acknowledged that actions for dealing with climate change would have to eventually be taken also by

developing countries, though many emphasized common but differentiated responsibilities.

21. The formal AGBM session reflected the discussion in the roundtables for the most part. Some highlights were as follow. EU tabled its remaining seven papers on specific P&Ms for coordination, for a total of eleven. EU reiterated that the EU is considered a single Party for present and future commitments i.e. no individual EU country targets. EU called for reductions after 2000 below 1990 levels and asked for commitments for both 2005 and 2010. The U.S.A. and Australia rejected any coordinated P&Ms. Australia supported a shorter timeframe for QELROs, in order to prepare for subsequent negotiating rounds. It noted that it was too early to consider legally binding commitments, and emphasized the need for equity. Others including Norway and Japan supported differentiation, noting it could be negotiated in time for CoP 3. New Zealand spoke about (the need for where and when) flexibility. Korea, an OECD candidate, spoke for the first time about an energy efficiency improvement targets.

22. The conclusions of the AGBM reflect this divergence of views in both P&Ms and QELROs, noting that a number of key issues still need to be addressed on the latter. In fact, there is yet no consensus emerging on either issue. The AGBM conclusions picked up many aspects of the Canadian statement including the idea of cumulative emissions and long-range QELROs.

23. Article 4.1: Given that non Annex 1 national communications are closely linked with developing country Parties' commitments under Article 4.1, and negotiations on the guidelines for non Annex 1 national communications took longer than anticipated, discussion of this item was postponed to the next AGBM session in December. The development of guidelines for non- Annex 1 national communications is a step forward in the implementation of the Convention by all Parties. The information contained in the national communications should play a major role in the design and implementation of their climate change strategies.

Paragraphs 24 - 43 continued in part II

Tel prepared by Sushma Gera and approved by Peter Fawcett.

Reporting Tel Part II: Second Conference of the Parties (COP 2) of The Framework Convention on Climate Change, July 8-19, Geneva

Continued from Part I report (paragraphs 1 - 23) Tel AGE 0684

24. Communications from Parties included in Annex 1: guidelines, schedule and process for consideration - negotiations covered two areas: 1) more technical, looking to improve on the guidelines developed for the first round of Annex 1 negotiations; 2) policy issues, in particular, what the in depth reviews are telling us about how well Annex 1 Parties are implementing the commitments and aims laid out in the Convention. Regarding the former, revised guidelines now contain considerable elaboration on the preparation of inventories; the description of policies & measures and effects on projections & assessments in reducing/limiting net ghg emissions; and detailed reporting on new and additional financing to developing countries. The format now includes more tables for presentation and will require Parties to show calculations for any adjustments to baseline figures, such as for temperature variations. Although it does not explicitly prohibit such adjustments, the presentation should help with transparency and comparability concerns raised in the past. SBSTA 4 is also tasked with further examination of methodological questions, including temperature adjustments and bunker fuels. Comments on these issues are required by the Secretariat by October 15. Finally, the only requirement for reporting on technologies will be information on transfer to developing countries. This will likely result, as in the first national communications, in diverse and incomparable information on technology transfer.

25. With respect to the review process, Parties also reached a decision with respect to how well Annex 1 Parties, on the basis of their national communications and in-depth reviews, are fulfilling their FCCC commitments. The contact group, chaired by Canada concluded that 1) Annex 1 Parties are fulfilling Article 4.2 commitments to implement national policies and measures on the mitigation of climate change, but that, for many Annex 1 Parties urgent further actions will be needed to return ghg emissions to their 1990 levels by 2000; 2) the challenges Annex 1 Parties face in meeting this aim, and the efforts being made to address those challenges, are relevant for the AGBM negotiation process; and 3) there is a need to address the concern expressed by non-Annex 1 Parties that Annex 2 Parties are falling short of their commitments related to the transfer of technology and provision of financial resources. These conclusions were approved by the COP.

26. Guidelines, facilitation and process for consideration for national communications from non Annex 1 Parties: About 20 Parties representing both developed and developing countries, including Canada participated in a contact group, which worked hard until the last day of SBSTA to reach conclusion on a set of guidelines acceptable to all. Negotiations were difficult because developing countries were resisting the use of 1990 as the base year, strictly following the IPCC guidelines, and inclusion of information on mitigation measures. At the same

time were very keen on getting the guidelines approved at COP 2 in order for the GEF to use them as a guide in providing funding for national communications. In the end, the guidelines developed by the contact group were adopted without amendment. These guidelines include 1994 as the base year, and the use of IPCC methodology and format for reporting data, to the extent possible. The guidelines also encourage developing countries to include information on mitigation activities and 1990 as base year, subject to data availability. Guidelines also link clearly the preparation of national communications to the availability of GEF funding. The review process for the consideration of national communications from non annex 1 parties will have to be considered soon. The agreement on this issue represents an important step in engaging developing countries more actively in the implementation of the Convention.

27. **Activities Implemented Jointly (AIJ):** The Secretariat introduced an annual review of progress. Most developed countries, including Canada, supported many of the work plan items proposed over the next year, including workshops, compilations of information and development of a simple, consistent reporting format. The U.S.A. offered to host a workshop on methodologies. The G 77 noted the need to better distinguish between AIJ projects and JI projects implemented by Annex 1 Parties, the importance of technology transfer and concern over too many resources of the Convention going to AIJ-related work. They also had considerable concern that projects under AIJ should not reduce existing GEF and aid budgets. There was some confusion among many Parties, enhanced by language in the Secretariat text, that the pilot phase was presumed to end in 2000 (COP 5) and no sooner. The COP 1 decision, in fact, calls for an annual review by each COP and a final decision by 2000 at the latest.

28. The contact group on AIJ, including Canada, worked fairly cooperatively and reached both a draft SBSTA conclusion and draft CoP recommendation in only a few hours of discussion. Both Brazil and Venezuela appear to be trying diligently to block progress on this file. In the end, SBSTA adopted the contact group proposal without amendment. It includes a significant portion of the proposed work plan including: a roundtable at SBSTA #4; integration of AIJ information in Convention database; and a Secretariat update on projects reported by Parties for SBSTA #4. The Secretariat will also be preparing a paper, based on Party submissions by September 1, on uniform reporting format and list of methodological issues to input into the SBSTA #4 roundtable. CoP 2 reaffirmed the CoP 1 decision whereby each CoP is to review progress of the pilot phase on AIJ and then decide whether it should continue or not. It then decided to continue the pilot phase, supporting continued work by the subsidiary bodies on this item.

29. **Technology transfer:** The themes surrounding the development and transfer of technologies were familiar. The importance was acknowledged by all, although the Annex II Parties (OECD countries) preferred action by the private sector while non-Annex II Parties (Economies in Transition and developing countries) were mildly indifferent to the transfer route, provided the transfer came with financial

support. The IEA/OECD Climate Technology Initiative was frequently cited by Annex II countries as an action already begun, although reference to it was rarely made by non-Annex II countries. Nonetheless, CTI did gain credibility from its visibility at COP 2.

30. The development and transfer of technologies, which had been on the agendas of both SBSTA and SBI at the start of COP 2, was eventually moved entirely to SBI (where it will remain in the future). The final decision, not objected to by the OPEC block, urged the provision of relevant information on technology in national communications, further action on inventories, the development of options for information centres and networks, the removal of barriers and establishment of incentives, and the compilation of a list technology needs. The decision also requested the FCCC secretariat to organize a round-table on transfer of technologies and know-how in conjunction with COP 3 (Japan, December 1997). Canada should be alert to the opportunities that such a round-table may offer. Roster of experts has been tentatively established to look at issues regarding technology transfer.

31. Work Programme: SBSTA urged continuing cooperation between IPCC and the Convention bodies, recognizing the need for continuing work by the IPCC to further reduce scientific uncertainties, in particular regarding socio-economic and environmental impacts on developing countries.

32. Business Consultative Mechanism (BCM): Only five Parties spoke on this issue, including Canada, indicating limited support as long as the BCM did not interfere with domestic consultations. New Zealand, the originator of the idea, was tasked with finding a consensus view. The U.S.A. was most strongly against a BCM as they viewed alternative mechanisms as sufficient and did not want the BCM delving into policy issues. Canada, although supportive of a BCM, felt that, given limited interest on all sides and limited resources of the Secretariat, it may be best to consider improving the existing mechanisms and dropping the BCM idea for now. The EU and New Zealand were more reluctant to let the process end at CoP 2. In the end, the Secretariat was tasked with exploring further with NGO groups current mechanisms and procedures for consultation to see if improvements could be made. A paper would be prepared for consideration at SBSTA #4, where a final decision on a consultative mechanism will be made. On a related item, Canada did intervene opposing open access to NGOs on the floor during negotiations. No others spoke on this issue directly, except for the ENGOs who do want such open access.

33. Guidance to the financial mechanism and approval of Annex to the MOU - negotiations/discussions on the GEF were difficult throughout the two weeks at COP 2. Agreement was finally reached on guidance to the GEF from the COP. All Parties, in expressing concern over the difficulties developing countries experienced in receiving adequate financial support from the GEF for the preparation of national communications, agreed that the initial focus of support from the GEF should be on

enabling activities, and in particular, support for the preparation of national communications. Agreement was not reached on the Annex to the MOU, which addresses the issue of the determination of funding necessary and available for the implementation of the Convention. While Annex 1 Parties were expecting simple approval of a document that had been approved by developed and developing countries at the last GEF Council meeting, non-Annex 1 Parties at COP 2 took exception to this "assumption of arrogance" on the part of the GEF and insisted that Parties have the right to negotiate and change the language of the annex. Since a number of Annex 1 Parties, including Canada, did not have a mandate to change the terms of the annex, little could be accomplished except for an agreement that all parties will consider the annex and the proposed alternative annex drafted by the G-77 at the next meeting of the SBI. A special session of the SBI was called for December (none had been originally scheduled) to deal with this issue. Parties are also invited to send their comments on this issue by September 30/1996.

34. AG13: the Ad Hoc Group on Article 13 met on two occasions, once at an informal session on consultative mechanisms as well as in a formal session, dealing largely with procedural matters. At the informal session representatives of the WTO, the ILO, the Centre for Human Rights, the Basel Convention and the Implementation Committee of the Montreal Protocol provided information as to the operations of consultative/compliance mechanisms within those institutions. At a formal session the following day, the Synthesis of Responses was introduced as a Working Document for the December session. A Decision was drafted to extend the mandate of the Group until its work was finished. As well, a draft Decision to authorize the Group to consider the application of the Article 13 multilateral consultative process to the future legal instrument (FLI) was introduced. This latter draft raised considerable resistance, as it was considered premature by many. However, Canada supported the Chair in seeking such a Decision, for reasons of timing: if authority is not vested in the AG13 now, the next opportunity to raise the issue before the COP will be at COP3 in Japan. By this time, any new protocol will have been drafted.

35. Permanent Secretariat: The COP approved several matters regarding the establishment of a permanent secretariat, including the relocation arrangements for the move of the secretariat to Bonn, taking note of the headquarters agreement signed June 20, 1996 by U.N., The FCCC secretariat and the Government of Germany and encouraging Parties to identify liaison focal points in Bonn, Geneva or New York. The secretariat is institutionally linked directly to the U.N. (rather than through a department or program) and this linkage will be reviewed prior to the year 2000. The COP took note of the UNGA resolutions 50/115 and 50/232 regarding funding for conference servicing of \$5.5 Mil for 1996-97. The proposed budget which is reduced by \$4 mil as a result of administrative support provided by the U.N. and the relocation to Bonn was approved.

36. Cdn del to the subsidiary bodies AGBM, SBI, and AG13 was co-led by Tony

Clarke and Peter Fawcett, and SBSTA was co-led by Gordon Mcbean/ ADM/ AES/ ENVCDA and Peter Fawcett. In addition to the delegates listed under COP 2 delegation, CANCEL to subsidiary bodies included David Grimes/AES/ENVCDA, Ann Mackenzie and Pascale Collas/GAIB/ENVCDA, Brian Moore/ ENV DIV/NRCAN, John Legg/OERD/NRCAN, Silvia Maciunas/JLO/DFAIT, Philip Fleming/EAB/Industry Canada, and Pierre Guimond/ Canadian Electrical Association. Roy Woodbridge/ Woodbridge & Associates and Steven Hart of Cdn Env Industries Assn participated in a Canada sponsored technology workshop.

37. Canada sponsored Workshop: During COP 2, Canada sponsored a private sector workshop to discuss business opportunities associated with international efforts to address climate change. This was chaired by Steve Hart, President of the Canadian Environmental Industry Association and facilitated by Woodbridge and Associates. The purpose was to discuss ways to increase awareness among businesses about potential climate change-related market opportunities and among decision-makers about technologies and services available to help them achieve their climate change goals. Due to intense competition with many other events taking place at COP 2 and the business NGO focus on FCCC policy issues, the workshop was not successful in generating a very useful dialogue in this area. However, during subsequent informal discussions among the workshop participants, there was agreement on the benefits of having a technology exhibit at COP 3 in Japan next year and the need to develop a network of interested businesses to actively promote this idea. The government of Canada may be asked to facilitate discussions with Japanese authorities on this matter.

38. Canada's exhibit of its information product, quote Canadian Environmental Solutions unquote gave Canada good visibility as a country with highly innovative ideas for increasing awareness of technologies and services available for addressing a wide range of environmental problems, including climate change. Developing country delegates to COP 2 were particularly interested in this product.

Tel prepared by Sushma Gera and approved by Peter Fawcett.

Delegation Report  
ENGO

Sierra Club and the Climate Action Network had two goals for the Second Conference of the Parties: ensure that the IPCC Second Assessment Report is the basis for future action on climate change and advance understanding of the impacts of climate change, particularly in Canada's Arctic.

On both fronts, COP2 can be judged a success.

Canada's scientific representatives, Gordon McBean and David Grimes, worked diligently to advance the Second Scientific Assessment as the basis for "urgent action" during very difficult and protracted discussions in SUBSTA. The failure of SUBSTA to reach agreement on the policy implications of the science fortunately did not prevent Ministers from endorsing the SAR as "currently the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available. Ministers believe that the Second Assessment Report should provide a scientific basis for urgently strengthening action at the global, regional and national levels...."

Minister Marchi in his speech to the plenary said: "We accept the scientific view that humanity's influence on the globe's climate system represents a potentially dangerous stress on the global ecosystem, and has detrimental implications for human health."

With respect to impacts, the Environment Minister Sergio Marchi, Ambassador John Fraser, Gordon McBean and David Grimes all advanced the results of the Mackenzie Basin Impact Study. The Minister's speech, despite resistance from the Business community and Natural Resources Canada, acknowledged that "changes in climate are already starting to affect our environment and way of life, particularly in the Canadian Arctic. The area has experienced a warming trend of 1.5 degrees Celsius within the current century, and there is evidence that this has lowered lake levels and thawed permafrost. The study...concludes that there could be radical alterations to the area's ecosystem in the event of a doubling of carbon dioxide concentrations in the atmosphere. The question then becomes: if climate change is capable of fundamentally altering the character of one corner of the world, what could it do to the world as a whole?"

The speech, in the opinion of Sierra Club represents a milestone: this is the first time Canada has acknowledged that climate change is happening in its territory, that climate change is a "potentially dangerous stress" and that a doubling of carbon dioxide concentrations in the atmosphere could lead to "radical alterations" in the Mackenzie ecosystem. These statements take Canada closer than it has ever been to supporting the position that a doubling of carbon dioxide concentration in the atmosphere is dangerous and must be avoided. Minister Marchi did what he should have done at COP2: he defended the environment.

Environment Canada also supported Sierra Club in its efforts to bring a voice to the Inuit during COP2. Rosemarie Kuptana, President of the Inuit Circumpolar Conference attended COP2 to bring a Northern voice to the impacts debate which currently is focused too narrowly on impacts on small island states. Environment Canada supported Ms. Kuptana's visit by organizing a meeting between her and members of circumpolar governments. The meeting, chaired by Ambassador John Fraser, was a success and could lead to climate change being on the agenda at an upcoming meeting of Arctic government environment ministers in Norway this fall.

The failure of the COP Bureau to approve an NGO slot during the Ministerial portion of the COP where ENGOS had planned to have Ms. Kuptana give her speech, is a disgrace. Canada, through Tony Clarke, was extremely supportive and helpful, but to no avail. It is completely unacceptable that NGOs are allowed to make interventions only to non-Ministerial representatives. It is our right to speak when our elected representatives are present and this issue will be pursued to ensure that COP3 does not repeat this mistake.

The big news at COP2 was the U.S., both for its defence of the science and for its stated support for a "realistic, verifiable and binding medium-term emissions target. We believe that the medium-term (2010) must be met through maximum flexibility in the selection of implementation measures, including the use of (measures such as) reliable joint implementation and trading mechanisms."

While movement by the U.S. is welcome and critical to a positive outcome at COP3, a medium-term target is too long term considering Annex 1 governments' failure to meet the year 2000 targets. A 2005 target is critical to keep pressure on to meet existing stabilization targets. In addition, a medium-term target that is an "emissions limitation" - that is, a reduction from projections, is completely unacceptable and a wholly inappropriate response to the science. Emissions reductions are needed and they must be from 1990 levels.

#### Short-term issues for Canada

1. Federal and provincial support for the Ministerial Declaration which instructs "representatives to accelerate negotiations on the text of a legally-binding protocol or another legal instrument to be completed in due time for adoption at the third session of the Conference of the Parties. The outcome should fully encompass the remit of the Berlin Mandate, in particular:
  - commitments for Annex 1 Parties, regarding:
  - quantified legally-binding objectives for emission limitations and significant overall reductions within specified timeframes, such as 2005, 2010, 2020, with respect to their anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol.
2. Assess options and implications of greenhouse gas trading both in a North American and global context.

3. Reassess the viability and implications of Canada's commitment to the "net" approach. The implications of increasing forest fires is that Canada's emissions inventory and obligations could skyrocket uncontrollably. Methodological issues related to forest inventories and the use of the "net" approach, as well as the issue of allocating emissions for electricity trading are on the agenda for the December meeting of the SBI. Canada must work now to prepare its own analysis and develop policy positions.

**INDUSTRY VIEWS OF THE KEY OUTCOMES  
OF THE SECOND CONFERENCE OF THE PARTIES  
UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE  
JULY 8-19, 1996, GENEVA, SWITZERLAND**

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The Second Conference of the Parties (COP-2) had been predicted to be largely a stock-taking exercise, with an attempt to resolve some of the procedural issues so that substantive negotiations could begin. However, the addition of a Ministerial portion to the proceedings, together with the well-timed release of some new studies related to potential climate change, gave the process a renewed sense of vigour.

**Ministerial Segment**

Work on the "Ministerial Declaration" quickly became the focal point of the meeting. Although the Declaration was not formally adopted by the COP and cannot change the mandate agreed to in Berlin, the call for a "legally binding" target may very well affect the political dynamic as we move forward. This outcome owed much to an apparent shift by the **United States**, which had resisted such precise commitments at Rio and Berlin. However, a closer reading of the American statement shows how carefully the message was designed for maximum political advantage in an election year, while at the same time maintaining the traditional insistence on the sovereignty of U.S. domestic policy.

Of note were the formal reservations registered by **Australia and New Zealand**, who could not accept the commitment to a "legally binding" target without knowing what that target would be and how it would be achieved. The new government in Australia has shifted more definitely towards protection of their economic and trade interests. They have undertaken a careful assessment of the impact of proposed targets and found them not to their liking. And they have more clearly than anyone else taken the European Union to task for its attempt to impose country-by-country reduction targets for other OECD countries, while continuing to shelter EU members under a collective target.

- 2 -

Having brokered the deal which led to the Declaration, Canada chose not to register its views on the final text. Yet this left many of our JUSSCANNZ colleagues wondering just where Canada stood.

In his statement to the Plenary on behalf of Canada, **Minister Marchi** chose to focus on the potential health and ecosystem impacts for Canada from climate change, particularly the recent Mackenzie Basin study. He also pointed out that current projections show Canada as falling well short of the stabilization target. Missing from his statement were ideas that had been a feature of past Canadian interventions -- Canada's unique, national circumstances, the challenges of an energy intensive economy, and our interest in a longer timeframe for commitments.

#### Targets and Timetables and Harmonized Policies and Measures

These are the two most important aspects of the Berlin Mandate from the perspective of Canadian business. Important issues remain with respect to the levels of emissions reductions, whether multi-party obligations should be pursued, and the question of base year and target years.

Little progress was evident in narrowing the gap on **targets and timetables**. The European Union has shifted focus somewhat to the issue of concentration levels in the atmosphere, but this reflects the inability of EU members to agree on a specific reduction target. Nonetheless, their selection of a concentration level of less than 550 ppm is significant, since this would represent an eventual reduction of at least 50% from current levels of emissions. In the absence of an EU-agreed target, Germany and the United Kingdom merely restated their previous positions.

As noted above, it is important to look carefully at the **American statement**. While indicating that the Berlin Mandate process should set a "realistic, verifiable and binding" medium term target, they gave no indication of a reduction goal or a target year, and were vague on the base year of 1990. They pointed to the need to ensure flexibility in implementation, including a longer timeframe for reductions, greater use of joint implementation and global emissions trading, and the ability of countries to choose the approach that best suits their national circumstances. Finally, they specifically rejected the targets proposed to date by Germany and AOSIS.

- 3 -

Canada again stated its interest in examining long term commitments with short-term milestones, and also specifically mentioned the idea of developing cumulative emission objectives. However, we will need to develop these ideas more fully for the next session of the AGBM.

The idea of differentiated commitments among Annex I parties based on differing national circumstances was again a feature of many delegations' statements. A slightly longer list of factors emerged, including: 1) differential base years; 2) adjustments for population growth 3) adjustments for emissions embodied in trade; 4) consideration of the changes in national welfare brought about by mitigation policies; and, 5) emissions per capita or per unit of GDP. Canada mentioned our natural resource-based and trade-oriented economy, our relatively cold climate, and our higher rate of population growth as potential criteria for differentiation. However, it is apparent that the attempt to negotiate a complicated scheme of differentiation will be very difficult in the time available before COP-3, and many delegations continue to push for equivalent commitments for each OECD country.

Very little progress was made on policies and measures, with the European Union still pressing a complicated scheme of harmonized policies and measures, and the U.S. strongly resisting such an approach.

### Next Steps

Clearly the Ministerial declaration, even if not universally adopted, provides an important signal about the future direction of the Berlin Mandate. The stage is set for the hard bargaining to begin and the obvious question for Canadian industry is how will Canada position itself in these negotiations. It will be hard for us to take the high moral ground, as the United States and the European Union already are doing. Are we prepared, as the Australians clearly are, to defend our unique national interests or will we continue to try to play the role of broker and consensus builder? And given that we can expect to see at the next meeting of the AGBM in December the first drafts of potential protocols begin to emerge from the EU, the U.S. and possibly Australia, how will Canada respond?



**CANADIAN DELEGATION INTERVENTIONS**

**SBSTA**  
**Third Session**  
**Geneva, 9-16 July, 1996**

**CANADA'S STATEMENT**

**Agenda Item 3: Scientific Assessments: consideration of the SAR of the IPCC.**

On behalf of Canada, I would like to congratulate the chair on his re-election as chair of SBSTA. I would like to thank Professor Bolin for his clear statement and the clarification of the role of the IPCC.

Canada strongly supports the SAR as the most authoritative and comprehensive scientific and technical analysis of climate change to date. Canada endorses the key conclusions as being particularly relevant in the on-going negotiations at CoP2 and beyond.

In considering the SAR, Canada supports the statement that science indicates a discernible influence on global climate and that this influence represents a significant additional stress on the global ecosystem, with potential consequences for food supply, water resources and human health. While it does leave uncertainty as to the magnitude and timing of the impacts, Canada does not view this uncertainty as an excuse for inaction. In that respect, Canada also supports the SAR's finding that significant "no-regrets" opportunities are available to reduce net GHG emissions in most countries and that the risk of aggregate net damage due to climate change provides rationale for action beyond "no-regrets".

Canada thanks the Chair for his clarifying comments on the role of SBSTA. SBSTA is to use the reports of IPCC and other sources as a basis for providing advice to COP and AGBM. This is noted in FCCC/CP/1995/7/Add.1 which refers to the role of the SBSTA in summarizing and, where necessary, converting the latest international scientific, technical, socio-economic and other information, provided by competent bodies, including the IPCC, into forms appropriate to the needs of the COP.

This process was started at SBSTA2 and Canada supports the summary conclusions listed in paragraph 24 of FCCC/SBSTA/1996/8.

We need to move the agenda ahead. We note that Article 2 of the FCCC refers to the magnitude and rate of climate change; both are important. In this regard, we note the statement of Ireland, speaking on behalf of the EU. Other delegations have also made statements as to how to move our process forward. These approaches are worth further consideration.

SBSTA must continue to work with the IPCC to move ahead on our agenda.

Thank you.

Canadian Statement to SBSTA  
11 July  
Cooperation with the IPCC

Canada supports strong cooperation between the IPCC and the Conference of the Parties and its Subsidiary Bodies. Canada believes that the COP and its Subsidiary Body need credible scientific and technological in order to formulate appropriate policy responses to the threat of climate change. Canada recognizes the scientific integrity of the IPCC and encourages other Parties to endorse cooperative efforts of the IPCC.

Canada will proactively participate, whenever possible, in the writing of technical papers and special reports and in workshops and meeting of experts.

Canada is pleased to be hosting the workshop on adaptation measures during 1997. Further information will be made available to Parties in the near future.

Thank you.

Canadian Statement to SBSTA  
July 11  
Research and Observation Issues

Canada would like to stress the importance of research and observations, as stressed in Article 5 of FCCC, in order to advance our understanding and provide a basis for the scientific assessments of the IPCC. We concur with the importance of the ocean studies as stated by IOC and for the atmosphere and related observations as will be stated by WMO.

The Climate Agenda, as described by the Secretary General of WMO in his statement to the plenary of COP on Monday 8 July. This is supported by WMO, UNEP, UNESCO, IOC, FAO, ICSU and WHO to integrate international climate activities. It is important to remember, as noted by IRAN, that it is the activities of countries that will enable us to meet our objectives.

Thank you.

**CANADIAN INTERVENTION:**

**REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND OF DECISIONS  
OF THE FIRST SESSION OF THE CONFERENCE OF THE PARTIES:  
COMMITMENTS IN ARTICLE 4**

Thank you Mr. Chairman. The Canadian delegation would like to express its strong support for the review process. We find it has been helpful in focusing domestic actions on climate change, bridging links amongst the wide range of actors in implementing the Convention, providing a transparent mechanism whereby Parties can begin to compare their unique circumstances and actions taken to address climate change, and enhancing the capacity of other Parties as they embark on the development of their national communications. Ensuring that the national communications are delivered in a timely manner is, we believe, important for the integrity of this exercise.

We would like to note that the exclusive review of Annex 1 Parties in the synthesis is driven by the fact that it is they who have submitted national communications and undergone the process of in-depth reviews. We must keep in mind that Article 4.1 refers to all Parties - hence we look forward to future reports which will take into account the actions of a wider range of Parties in fulfilling the commitments of the Convention.

Mr. Chairman, the Canadian delegation agrees that review of the Implementation of the Convention is one of the more critical exercises for the CoP 2. We would like to express our gratitude to the President of the Conference of the Parties for referring this topic to the Subsidiary Body for Implementation.

The synthesis report demonstrates that Parties are embarking on a wide range of measures - covering economic, regulatory and voluntary instruments - in fulfilment of their commitments in the FCCC. This shows that Parties are treating climate change as a policy issue which warrants serious, thoughtful consideration. In that respect, we note the findings of the synthesis report that Parties are particularly interested to pursue actions which are cost-effective, do not contribute to further deficits in the public purse,

and offer other policy dividends. Responding to climate change is, it appears, an effective mechanism for implementing sustainable development, one which promotes an approach that seeks to integrate environmental, economic, social and health considerations.

On the other hand, we also note the conclusion in the synthesis report that 'for the majority of Annex 1 Parties additional measures would be needed to return CO2 emissions to their 1990 level by 2000.' Most Annex 1 Parties clearly are having difficulties in the aim to return their ghg emissions to 1990 levels by the year 2000.

The challenges we currently face in meeting this aim should be used as a lesson for the AGBM negotiations in identifying appropriate quantified emissions limitation and reduction objectives, or targets and timetables, for the post-2000 period. We must set realistic, practical goals which will work to enhance the overall credibility of current negotiations under the Berlin Mandate.

NON ANNEX 1 NATIONAL COMMUNICATIONS  
CANADIAN INTERVENTION  
SBSTA 3, JULY 8-16  
16-07-96

Thank you, Mr. Chairman,

My delegation would like to express its strong appreciation to the G 77 and China Group for their constructive participation, and the Co-Chairs of the Contact Group for their outstanding effort on this very important element in the preparation of national communications by the non - Annex 1 Parties.

Canadian delegation endorses the document on non - Annex 1 Guidelines.

Thank you Mr. chairman.

SBSTA

Third Session, July 8-16, 1996

CANADIAN STATEMENT

ACTIVITIES IMPLEMENTED JOINTLY:

ANNUAL REVIEW OF PROGRESS UNDER THE PILOT PHASE

Progress report on activities implemented jointly

Thank you Mr. Chairman.

This first progress report by the Secretariat, is a good start on developing a progress report, based on fairly limited information. Although we have some minor comments on the format, we would recommend as has been done on other issues, not dealing with these here today, line by line. Canada would like to address some of the questions and issues raised in the Secretariat documents FCCC/CP/1996/14 and Add.1, in the general order in which they appear.

With respect to the suggestion that a reporting format be developed to complement the reporting framework, it appears that the progress report itself, with its attached tables, provides a good basis for a reporting format already.

Canada would not like to see significant changes to the initial reporting framework at this session, given that it was just developed and adopted at our last meeting. Given the effort we all made at that meeting to develop that document, we feel it would not be appropriate to open it up at this time.

In my delegation's view, it is important to ensure that substantive work on AIJ is included in the 1996/97 work plans of the Subsidiary Bodies, to provide the input for a comprehensive review of progress at CoP 3. Canada can endorse a continuation of the pilot phase at CoP 2, noting that the CoP 1 decision number 5 requires a further assessment at CoP 3.

The work programme put forth by the Secretariat certainly does appear extensive, however, given financial constraints, Canada would like to express some views on our priorities within the list. Reporting and methodological issue are of particular interest for Canada. We would also wish to ensure that, as a principle, the Secretariat is not undertaking duplicative work. For example, there is already a great deal of information on the Internet concerning AIJ activities and each Party with a program will likely be constructing their own home page (as some Parties have already done and as we intend to do soon in Canada).

With respect to compilation reports of information submitted by the Parties, this would appear to be a worthwhile undertaking by the Secretariat at (it would seem) relatively low cost. This could be included in a Miscellaneous document and would provide Parties with a more thorough understanding of what other Parties are doing under their programs. Given financial constraints, Parties may wish to ensure that their submissions are complete but concise.

Canada could also support initiating further work in the SBSTA or in a workshop format in the area of methodologies for reporting of emissions, as this will be an important step in the development of a full-fledged joint implementation program.

Thank you Mr. Chairman

SBSTA  
Third Session, July 8-16, 1996

## CANADIAN STATEMENT

### DEVELOPMENT AND TRANSFER OF TECHNOLOGIES:

Thank you Mr. Chairman

In Canada's view, technology is a critical component for engaging all countries in the effort to address the threat of climate change.

Canada supports the SBSTA's initiatives in this regard, in particular its advancement of the Climate Technology Initiative in which we are an active member. We are particularly pleased to see the new climate technology inventory.

The Canadian government's major energy research and development program has recently been refocused to provide increased emphasis on greenhouse gas reduction technologies that could make important contributions in developed and developing countries.

While recognizing the assistance that governments may give to technology transfer, Canada believes that mechanisms for such transfer, for the most part, lie with the private sector. Hence, the obligation is on governments to provide an enabling environment which works to maximize commercial opportunities for technology cooperation.

In support of its position, Canada is sponsoring, at CoP 2, a workshop on Climate Change Business Opportunities, to be held next Monday, Tuesday and Wednesday, aimed particularly at business organizations. The workshop will aim at increasing private sector awareness of market opportunities and increasing international awareness of private sector capability.

Canada views the engagement of the private sector in technology as integral to implementing Annex 2 Parties commitments relevant to technology transfer under the FCCC.

SBSTA  
Third Session, July 8-16

CANADIAN STATEMENT  
MECHANISMS FOR NON-GOVERNMENTAL ORGANIZATION CONSULTATIONS  
July 10, 1996

Thank you Mr. Chairman:

Canada appreciates the efforts of all of the non-governmental and local government organizations who participated in the Workshop held this past March. The Secretariat, as always, has done a commendable job in capturing the outputs of the presentations in its documentation on this topic.

Canada continues to be a strong supporter of stakeholder engagement in the climate change file, both domestically and internationally.

Domestically, we have established an Non-Governmental Advisory Group, consisting of 21 members from business, cross-sectoral institutions and environmental groups, to provide advice to the Government on Canada's long term strategic approach to climate change negotiations, as well as on Canadian positions under development for each negotiating session.

In addition, our business and Environmental NGOs were invited to sessions with the team conducting the in-depth review of Canada's first national communications.

Representatives from the environment and business community are key members of our official delegations to all FCCC sessions.

We encourage other Parties to provide similar fora through which NGOs can contribute to the development of national strategies and can provide input on international negotiations.

At CoP 2, Canada has taken the initiative to organize a workshop to discuss business opportunities arising from international efforts to address climate change.

In our view, engagement of the private sector is critical in effectively implementing any actions undertaken whether domestically or internationally.

For this reason, if other Parties also agree, we would support establishment of a Business Consultative Mechanism, as long as it acted in a transparent fashion and permitted open participation by any interested representatives of the business community, including those from the developing countries.

Based on our own experiences, Canada is of the view that the BCM can provide significant added value to international efforts to implement the FCCC.

In Canada, domestic consultations with all our stakeholders is an important facet of the development of our domestic and international climate change positions. We would wish to ensure that the BCM would be a complement to domestic consultations.

Further, in our view any BCM should focus on areas such as technology transfer, commercialization of new technologies and joint implementation issues. These are areas in which industry can make a significant contribution to mitigative efforts. We do not view the BCM as the best vehicle for business to provide input on policy matters relating to the FCCC negotiations.

Canada would not support open access of NGOs to the delegation floor during the official sessions. In our view, this has proven to be highly disruptive to the proceedings.

## **INTERVENTION BY CANADA:**

### **THE FINANCIAL MECHANISM AND THE COP**

Thank you Mr. Chairman. The Canadian delegation too would like to extend its congratulations to you for your reelection as the Chair for this important group, the Subsidiary Body for Implementation.

Mr. Chairman, Canada fully agrees that the GEF and its implementing agencies should work towards expediting a timely process for the approval of projects related to the preparation of national communications. Canada notes that progress on this issue has already been made. At its last Council meeting, the GEF Parties agreed to an expedited process for the approval of enabling activities for the two Conventions. An initial allocation of \$30 million was approved for financing projects under this expedited process. We also note that the GEF Council approved an intercessional decision-making process, whereby projects can be approved between GEF Council Meetings.

Assuming that the guidelines for non-Annex 1 national communications is approved at SBSTA, and confirmed at CoP 2, Canada would strongly recommend that the GEF take on those guidelines in its support for the development of national communications in developing countries. My delegation agrees that the full agreed costs of preparing national communications should be provided by the GEF, while recognizing the right of implementing agencies to determine, with the relevant host country, the costs of preparing such communications.

On the issue of the MOU and its Annex to the GEF, allow me to be perfectly clear. The text of the Annex of the MOU represents a carefully balanced text discussed and agreed by members of the GEF Council, that involved a number of Annex 1 and non-Annex 1 Parties. We should not reopen this agreement. Many representatives of developing countries participated in the GEF Council discussions, that lead to an agreement on this annex. We expect those same countries to stand by the agreement they accepted in the GEF Council.

Even if in the unlikely event an agreement is reached at this CoP on any changes to the Annex, my delegation is of the view that this would mean the text would then have to go back to the GEF Council for their reconsideration of the text.

Thank you Mr. Chairman.

Ad Hoc Group on the Berlin Mandate  
Fourth Session  
July 9-16, 1996 Geneva

CANADIAN STATEMENT  
STRENGTHENING THE COMMITMENTS IN ARTICLE 4.2(a) and (b)  
July 15, 1996

Thank you Mr. Chairman for this opportunity to comment on strengthening the commitments in Article 4.2 (a) and (b).

Canada has always advocated a combined approach, including both policies and measures and limitation and reduction objectives, in a protocol or other legal instrument. We note your idea for an equation involving policies and measures and QELROs today.

Identifying discrete actions to address climate change, whether nationally or in cooperation with other Parties, is important if we are to begin to take meaningful and long term action to reduce our greenhouse gas emissions. We can make serious inroads in meeting our future commitments if we are successful in identifying policies and measures that reinforce a positive relationship between the economy and the environment.

We have already seen over the past twenty years, the positive impacts of energy efficiency gains and air pollution controls on our quality of life. This impetus needs to be continued as we address the thorny issue of limiting and reducing our net greenhouse gas emissions while maintaining sustainable and prosperous economic growth.

With respect to policies and measures, the annotated agenda focusses on four main issues -- the general approach, categorization, priorities and review mechanisms. Canada would like to make the following points on these topics.

My delegation would like to note that Canada supports a comprehensive approach which means that the narrowing down exercise should not mean closing off options. It is important that Canadians have full flexibility in selecting the most appropriate instruments in meeting its commitments on climate change.

That said, Canada recognizes that relatively few policies and measures would actually qualify as a feasible common action. Our government, in collaboration with the private sector, non-government organizations, provinces and municipalities, will be seeking to identify this fall, if any discrete policies and measures could be considered in an eventual legal instrument. The Canadian government and other stakeholders in Canada have also participated in the Annex 1 Experts' Group Project on Common Actions. We believe that the first tranche has been a valuable exercise in focusing our attention on several policies and measures that might be appropriately implemented in a coordinated manner. The studies coming out of that project should be informing domestic consultations on identifying appropriate policies and measures for an eventual legal instrument.

In so far as possible methods for categorizing policies and measures is concerned, Canada believes that it is most practical to identify a discrete few policies and measures for common action. Instead of a categorization exercise, Canada believes that guidelines may

be more helpful to identify those relevant policies and measures for common action. In Canada's view, appropriate policies and measures to be included in an eventual legal instrument would: benefit from international coordination; have a clear potential for reducing greenhouse gas emissions; have multiple policy dividends; be sufficiently flexible to be addressed over a wide range of circumstances; are consistent with the comprehensive principle, recognizing that some sectoral actions are more appropriately implemented in local or national circumstances; work to enhance the penetration of greenhouse gas abatement technologies; and, facilitate the participation of a larger number of countries in the mitigation opportunities.

While Canada is in the process of identifying priorities for common policies and measures, we would note that the evidence suggests that globally the sectors responsible for the fastest growing emissions relate to transportation and electricity generation. Effective actions to reduce greenhouse gas emissions will clearly will need to be addressed in these areas if we are to successfully address the threat of climate change. It is also noteworthy that while industrial production has seen strong advances in energy efficiency performance over the last twenty years, total greenhouse gas emissions are still increasing.

On the issue of mechanism(s) for reviewing progress & coordination indicators could track performances in specific sectors, including transportation, electricity generation, industrial processes, forestry, agriculture, waste landfills and others. In that respect, we would also take note of the decisions in SBSTA and SBI, regarding guidelines for Annex 1 national communications, and which call for transparent and credible information on the effect of policies and measures on limiting net greenhouse gas emissions. The review of Parties' second round of national communications could be used in evaluating Parties' overall effectiveness in meeting limitation/reduction commitments.

The workshops on Friday provided our delegation with different approaches on Policies and Measures as well as QELROs, otherwise known as targets and timetables. There still remains quite a divergence of views on how Parties should move forward.

A number of themes are raised in the annotated agenda regarding how we may wish to proceed on QELROs and Canada would like to address these in turn.

At the last AGBM, Canada set forth the idea of longer term objectives with short term milestones in its statement. A long term approach could provide flexibility and the necessary time for capital stock turnover as well as for low cost, low emission technologies to be developed and penetrate markets. The issue is one of optimal timing and not whether actions should be taken. Canada is undertaking work domestically to refine the approach, and we note that a number of interesting papers on this approach have been presented both at the QELROs workshop at the last AGBM session, and in other fora.

The idea of longer term cumulative emissions objectives, could be an example of a means to implement longer term objectives.

It must be recognized, however, that with longer term objectives, higher rates of emissions reductions will be required in the future, and that the environmental impacts of

various emissions paths will need to be taken into account.

Canada supports an approach that accounts for economic and environmental considerations in an integrated manner.

The IPCC's Second Assessment Report confirms the underpinning rationale for the FCCC negotiations. We must continue to take action, and one of the means is by collectively setting challenging, credible and significant targets and timetables.

In Canada's view, the issue of credibility of objectives that will be agreed to at CoP 3 is critical to ensuring a successful outcome of the international climate change negotiating process. Canada supports an approach to new commitments that is prudent, based on countries' ability to deliver and attractive to all Parties.

Canada wishes to congratulate the Secretariat on its work on starting to disentangle the issues surrounding the concept of differentiated commitments in its paper FCCC/AGBM/1996/7.

Canada supports further exploring the concept of "differentiated approaches" among Annex 1 Parties taking into account national circumstances such as: Canada's natural resource-based and trade-oriented economy, our relatively cold climate, our low population density, relatively high population growth and federal political system.

Canada will also need to take into account that, as a country in the northern latitude, we are projected to experience greater temperature changes with climate change, with consequent significant impacts on its ecosystem.

At this time, Canada cannot yet say what might be the nature of differentiation among Annex 1 Parties that could be included in the protocol or other legal instrument to be adopted at COP 3. Consequently we would support the proposition to arrange an informal workshop on this issue.

Canada has noted the many references by other countries reported in FCCC/AGBM/1996/7 on the concepts of collective objectives (or "bubbles") and equitable and appropriate contributions. Canada supports further work to better define these concepts and on their possible implementation in a protocol or other legal instrument. The Secretariat's work is a good first step.

Thank you Mr. Chairman.

CANADIAN INTERVENTION

POSSIBLE FEATURES OF A PROTOCOL OF OTHER LEGAL INSTRUMENT

Mr. Chairman,

We would like to thank the Secretariat for its substantial work on the document AGBM/1996/6 of May 21 1996. This is a comprehensive overview of how other legal instruments have dealt with the types of provisions that could be developed for a protocol or other legal instrument. It has assisted us in identifying our drafting options and it will provide us with further assistance when we reach the stage of crafting an instrument.

In our view, two conclusions can be drawn from this document. The first is that, given the numerous examples of obligations tailored to different conditions, it is possible to draft obligations with sufficient flexibility to reflect differing national circumstances. The second conclusion is that a wide range of options are available to negotiators.

On the issue of the nature of the legal instrument, we note the importance of seeking agreement on the Rules of Procedure so that the choice of legal instrument might proceed with a greater degree of certainty.

We stress the need to seek institutional economies when implementing the results of the Berlin Mandate. Thus, whether the commitments are contained in an amendment or a protocol, Canada strongly believes that a new legal instrument should use the existing Subsidiary Bodies and the Secretariat.

Finally, should a protocol be agreed upon as the form of the legal instrument, Article 17.2 of the Convention, which requires that the text of any proposed protocol is to be communicated at least six months before the session at which a Protocol is adopted, may become an issue. We have not yet considered the implications of this provision for the AGBM process. We have received a copy of the legal opinion from the office of the U.N. Office of Legal Affairs and will take it back to Canada for consideration. However, we are of the preliminary view that this Article should not be interpreted in a way that would impede the will of the Parties with respect to a future legal instrument.

Thank you, Mr. Chairman.



**ANNEX 1 EXPERTS' GROUP**

**STATEMENT BY THE UNITED KINGDOM**  
**ON BEHALF OF THE**  
**ANNEX I EXPERT GROUP**  
**ON THE FRAMEWORK CONVENTION ON CLIMATE CHANGE**

AGBM 4, July 1996

Monday 15 July

Mr. Chairman:

I am taking the floor, as the newly elected Chairman of the Annex I Expert Group, to update delegates and observers on the study the Group has undertaken on "Policies and Measures for Possible Common Action", with the support of the OECD and IEA Secretariats.

Perhaps I should remind delegates that the objective of the project on "Policies and Measures for Possible Common Action" is to provide an initial assessment of the relative potential of a range of cost-effective policies and measures for mitigation of greenhouse gas emissions and sink enhancement which could lend themselves to common action. The project aims to provide background analytical support to Annex I countries in preparing for the Berlin Mandate process of elaborating policies and measures, and for their national climate change strategies pre- and post-2000.

The Annex I Expert Group's full Progress Report to AGBM 4 can be found in document FCCC/AGBM/1996/Misc.1/Add.2. This report contains the executive summaries of each of the studies from the first phase of work. The progress report also includes the full list of studies that have been undertaken by the Annex I Expert Group and are nearing completion, and a list of studies that are being considered for study in the next phase of work after COP 2.

I am pleased to report that working papers are now available that describe in detail analysis of 7 of the measures studied in the first phase of work. These are studies on:

- CO<sub>2</sub> Emissions from Road Vehicles;
- Reforming Coal and Electricity Subsidies;
- Full Cost Pricing;
- Taxation (i.e. carbon/energy);
- Energy Efficiency Standards for Traded Products;
- Financing Energy Efficiency in Countries with Economies in Transition;
- Agriculture/Forestry: Identification of Options for Net GHG Reduction.

Some copies of these studies are available at the back of the room for initial viewing. Order forms for these studies are also available at the back of the room.

Other working papers from the first phase of work that are not yet complete but will be released after COP 2 are:

- Energy Market Reform: Market Barriers/Market Access;
- Voluntary Agreements with Industry.

They span a broad range of policy instruments and cover the majority of emitting sectors of concern to the climate change debate, targeting both producers and consumers. They indicate the potential of different types of measures and possible common actions to mitigate greenhouse gas emissions; they highlight broad themes for policy development, and suggest specific options, participants and vehicles for action.

Key findings of the studies, such as the emissions reduction potential, the economic effects and the impact on other countries of possible common actions, are heavily dependent upon a understanding of the measures, especially how they might operate under expected real world conditions.

A further key point that emerges from the studies is that all policies and measures might not be appropriate for all Annex I countries to the same extent, especially when one considers the countries with economies in transition included in Annex I, and differing circumstances between countries, regions and sectors.

Nevertheless, despite these limitations and outstanding issues, many possible opportunities for action were identified in the studies, ranging from measures successful in one country which might be replicated in others, to actions fully undertaken as a common policy implemented across all participating countries.

Mr. Chairman, the Group's Progress Report makes clear, and I should emphasize here, that the study on "Policies and Measures for Possible Common Action" is an analytical exercise only and is not intended to prejudge nations' preferences on policies and measures. The Annex I Expert Group is not a negotiating forum and has not formally approved individual studies. The studies are being made available here as working papers in the interests of keeping everyone fully informed of our work. The next stage will be for Annex I Parties themselves. The studies should be viewed as preliminary assessments of policies and measures for possible common action; and, therefore, specific proposals to pursue any of these measures further in the context of undertaking common action would require targeted analysis to weigh the costs and benefits of such action by the country or countries considering participation.

Finally, Mr. Chairman, I look forward to being able to report on further studies on "Policies and Measures for Possible Common Action" at future sessions of this Group.

## Annex I Expert Group on the UN FCCC

(Supported by the OECD and the IEA secretariats)

Report of the meeting held Friday July 12, 1996  
6.30 to 10.30pm on the margins of AGBM4 in Geneva

Chair: Ian Pickard, United Kingdom

1. The secretariat informed the Annex I Expert Group that 7 working papers from the study on "Policies and Measures for Common Action" would be released during AGBM4 following the Chair's intervention on behalf of the Group on Monday 15 July. These are:

- Working paper 1: CO2 emissions from road vehicles
- Working paper 2: Reforming coal and electricity subsidies
- Working paper 3: Full cost pricing
- Working paper 4: Taxation (i.e. carbon/energy)
- Working paper 5: Energy Efficiency Standards for traded products
- Working paper 6: Financing energy efficiency in countries with economies in transition
- Working paper 7: Agriculture/forestry: identification of options for net GHG reduction

2. Copies of these reports are being mailed to all Annex I Expert Group delegates, diskette copies were distributed to each delegation in Geneva of working papers 1 to 6, and these reports are also available at the OECD Environment web site: <http://www.oecd.org/env>. The executive summaries and key results were submitted to the AGBM as a miscellaneous document FCCC/AGBM/1996/misc.1/add.2. The agriculture/forestry paper has been slightly delayed but will be distributed by the end of July. The other Tranche I study, "Voluntary agreements with industry", will be released as a working paper by late September.

3. The Group decided on 4 packages of measures for analysis in Tranche II of the study on "Policies and Measures for Possible Common Action:"

i. Trading:

- Emissions Trading
- Financing energy efficiency in EIT countries

ii. Sustainable Transport:

- Local transport initiatives
- Alternative fuels and vehicles
- Infrastructure issues

iii. Electricity sector:

- Market reform/market access
- VAs with electric utilities (end use and generation)
- Reforming electricity subsidies
- Penetration of renewables including R&D

iv. Special issues in taxation (carbon/energy): Competitiveness and Bunker Fuels

4. It was suggested that agriculture and forestry should be considered a priority for study in the future, and that the other original Tranche II proposals (product labelling, and power system conversion efficiency) might also be considered for future work. Another suggestion was that the Group may wish to consider other priorities or areas of work once AGBM4 is concluded. The Group agreed that scoping papers would be revised in consultation with delegations and their nominated experts in the coming month. Delegates are asked to send the OECD secretariat the names, telephone numbers, fax numbers, and addresses of the experts they wish to be involved in each Tranche II study by Friday July 26.

5. The secretariat drew the Group's attention to the proposed timeline that was distributed in Paris

June 3-5 for completing second draft studies by AGBM5 (December 1996) with final versions by AGBM6 (March 1997). It was noted that this timing has already slipped, and that first drafts will be distributed in early October, although AGBM5 and 6 will remain the deadlines for second and final drafts. The budget distributed in Paris will be revised to take account of recent grants that have been received from Germany and Japan. Additional funds will be needed to carry out the Tranche II studies. A revised budget and request for funding will be distributed by the chair of the Group as soon as possible.

The complete list of Tranche I and Tranche II studies is as follows:

	Tranche I (completed/nearing completion)	Tranche II (by AGBM6)
Sustainable transport	CO2 emissions from road vehicles	Sustainable transport: - local transport initiatives - alternative fuels and vehicles - infrastructure issues
Energy Market reform	Market barriers/market access  Full cost pricing	Electricity sector: - market reform/market access - VAs with electric utilities (end use and generation) - reforming electricity subsidies - penetration of renewables including R&D
Economic /fiscal instruments	Reforming coal and electricity subsidies  Taxation (i.e. carbon/energy)	Special issues in taxation (carbon/energy): - competitiveness - bunker Fuels  Trading: - emissions Trading - financing energy efficiency in EIT countries
Demand-side efficiency	VA with industry  Energy efficiency standards for traded products	
Sustainable agriculture/forestry	Development of options for best practices for GHG reduction	
Other	Financing energy efficiency in countries with economies in transition	



**CLIMATE TECHNOLOGY INITIATIVE (CTI)**

Statement by the Delegation of the Netherlands on behalf of OECD countries participating in the CTI to the Subsidiary Body on Scientific and Technological Advice, during COP-2 in Geneva, July, 1996.

## CLIMATE TECHNOLOGY INITIATIVE

Mr. Chairman,

Delegates will recall that the Climate Technology Initiative, the CTI, was announced on behalf of participating OECD countries by the Minister for the Environment of The Netherlands during COP-1 in Berlin.

The Minister will report on progress on the CTI during the Ministerial section of this Conference of the Parties.

Today, we would like to provide you with a brief report on current activities to develop and implement the CTI, again on behalf of participating OECD countries.

The CTI is a voluntary co-operative effort by participating countries to support the objectives of the UN Framework Convention on Climate Change through national and international science and technology programmes.

The CTI has both short term and long term objectives. The short term objective is to increase the use of existing climate-friendly technologies by enhancing markets and removing barriers to technology deployment. The longer term objective is to develop new and improved climate-friendly technologies by promoting international co-operation in research, development and demonstration.

The *Climate Technology Initiative* is undertaking work which can support a number of key issues on the SBSTA agenda and can complement activities of the SBI and the AGBM.

- The CTI is looking at how to enhance technology components of national plans and programmes and how to reflect them in national communications of Annex 1 and non-Annex 1 countries to the FCCC. A CTI Task Force is working on direct assistance programmes and the analysis of efforts. Workshops are being planned to help share experiences in this area.
- The CTI addresses the development and transfer of technologies. It includes enhanced international collaboration on the development of technologies to reduce costs and improve reliability, and strengthened action to demonstrate performance, identify and remove barriers to deployment, build private sector partnerships and develop financing strategies.
- The CTI is concerned with capacity building in technology areas to enhance options for the application of technologies which meet local needs. International technology R&D collaboration programmes are being opened up to experts from developing and transitional economies, and technology information systems are being enhanced and made more accessible to users around the world.

- The CTI is also working on improving methodologies and sharing experiences on technology performance evaluation and technology needs assessment.

The results of all of this work will be shared with the SBSTA and parties to the Convention will be invited to participate in the activities and to share experiences in working on these issues.

The CTI includes many practical activities to support these common objectives with SBSTA, the SBI and the AGBM. A *Climate Technology Initiative - Inventory of Current Activities* has been prepared and will be distributed to participants at this Conference of the Parties. The *Inventory*, while not an exhaustive list of measures, lists the several hundred programmes and activities of OECD Member countries and the European Commission which contribute to the technological responses to climate change concerns. The variety of actions taken by participating countries since April 1995, when the CTI was announced, are also included in the *Inventory*.

The *Inventory* will make the extent of existing programmes more widely known, and provides a starting point for the better co-ordination of these programmes. The gaps and overlaps between programmes, and the opportunities for increased co-operation to achieve better results, will become clearer as a result of the publication of this *Inventory*.

The *Inventory* also outlines current plans for action to further develop and implement the CTI. Five Task Forces are currently working to progress the main areas of the *Initiative*. Dr Tilley from the International Energy Agency Secretariat will provide you with some details about the current state of play with the Task Forces.

Before I hand over to Dr Tilley however, let me conclude by emphasising once more that the CTI activities involve participants from developing countries, economies in transition, the private sector and non-governmental organisations, but there is scope and opportunity for much more extensive participation. The OECD Member Countries that started the Climate Technology Initiative welcome increased participation in CTI activities from all Parties to this Convention.

Mr. Chairman, thank you for allowing me to give this report on the CTI.



**KEY INTERVENTIONS BY OTHER DELEGATIONS**

AGBM ITEM 3(a)  
Geneva, July 1996

### **Policies and Measures/QELROS**

Ireland, on behalf of the European Community and its Member States, would like to make the following statement addressed to both policies and measures and quantified emission limitation and reduction objectives, which we see as being interdependent.

In the view of the EU, the Round Tables proved to be a valuable and innovative way to deepen the debate on these issues.

The Berlin Mandate calls for the elaboration of policies and measures as well as the setting of quantified emission limitation and reduction objectives. In order to advance this process, the EU has undertaken a programme of work on policies and measures, to which the EU statement at AGBM 3 referred.

The EU initially selected eleven main areas for investigation, and then identified a set of key policies and measures within each area. Papers on the first four areas (renewable energies; energy efficiency standards, labelling and other product-related measures, CO<sub>2</sub> emissions from the transport sector; and economic instruments) were presented at AGBM 3. We have now carried out similar work on the seven areas remaining. These are: energy policies; industrial sector emissions; the agricultural sector; forestry; waste management; fluorocarbons and sulphur hexafluoride (SF<sub>6</sub>) and municipal action. We have also developed the transport sector paper by extending the range of possible policies and measures in the civil aviation and maritime transport sector. A full set of the eleven papers is available at the back of the room.

The EU considers that these papers constitute a valuable basis for the development of a Protocol or other legal instrument, and urges the AGBM to ensure timely discussion of these proposals.

In this context, the EU welcomes the first tranche of work in the OECD/IEA Annex I Experts Group common action study, which should help our negotiations. The secretariat also has provided useful papers setting out a wide range of the policies and measures which are already undertaken by some Annex I Parties.

The EU proposes that AGBM addresses how best to incorporate policies and measures into a Protocol or other legal instrument. The EU draws attention in this connection to its proposal for a Protocol structure which was addressed under Agenda item 5 of AGBM, and which sets out a formula for listing policies and measures in Annexes. Some of the proposed policies and measures refer to sectors which compete on an international basis. Therefore, their impacts on international competitiveness should be considered and addressed.

The EU notes that the IPCC considers that significant reductions in greenhouse gas emissions are technically possible, and can be economically feasible. It also notes that significant "no-regrets" opportunities are available; and that there is a rationale, on the basis of potential risk, for action beyond no-regrets at Annex I Parties level. In the EU view the Annex I Expert Group Studies also support these findings.

Mr. Chairman, the elaboration and the implementation, taking into account relevant national circumstances, of common and coordinated policies and measures would, in combination with other national policies and measures, represent a contribution to an equitable sharing of the response to the climate change challenge, and would increase the range of options available to each Party, to meet its current and future commitments.

In regard to the linked issue of quantified emission limitation and reduction objectives, the EU reaffirms that the IPCC Second Assessment Report is the principal reference document for global emission reduction objectives.

In this context, the EU recalls that, according to the IPCC S.A.R., stabilization of atmospheric concentrations of CO<sub>2</sub> at twice the pre-industrial level, i.e. 550 ppm, will eventually require global emissions to be less than 50% of current levels of emissions; such a concentration level is likely to lead to an increase of the global average temperature of around 2 C above the pre-industrial level.

Given the serious risk of such an increase and particularly the very high rate of change, the EU believes that global average temperatures should not exceed 2 degrees above pre-industrial level and that therefore concentration levels lower than 550 ppm CO<sub>2</sub> should guide global limitation and reduction efforts. This means that the concentrations of all greenhouse gases should also be stabilised. This is likely to require a reduction of emissions of greenhouse gases other than CO<sub>2</sub> in particular CH<sub>4</sub> and N<sub>2</sub>O.

The EU looks forward to the results of the further technical paper, including social and economic considerations, on this issue which is due to be completed by the IPCC, at the request of SBSTA, by the end of 1996.

As stated at previous meetings of the AGBM, the EU considers that objectives under a Protocol or other legal instrument, should be ambitious enough, to reflect the change in emission trends in Annex-I Parties needed to ensure an appropriate contribution to the global effort, in order to progress towards the ultimate objective of the Convention. In this context the EU believes that the precautionary principle has to be applied, and possibilities should be explored to stimulate early action along the lines of proposals and suggestions made in the context of the negotiations for a Protocol or other legal instrument .

The EU believes it is essential that each of the Annex-1 Parties - it being understood that the Community is treated as one Party - agrees to set quantified objectives for significant overall reductions of greenhouse gas emissions after the year 2000 below 1990 levels, within specified timeframes, not simply to limit the growth of total emissions.

The EU reiterates its view that it is appropriate to include in a Protocol or other legal instrument the time frames specified in the Berlin Mandate: 2005 and 2010 as preferable shorter time process and 2020 as a possible longer term perspective.

The EU welcomes document FCCC/AGBM/1996/7 from the Secretariat on indicators to define criteria for differentiation. The EU will be reflecting further on the differentiation issue and will return to the matter at a later meeting.

The EU notes with concern that the Berlin Mandate process is not advancing as needed to achieve its intended objective. It reiterates its willingness to continue to participate in a constructive process to finalize an ambitious protocol or other legal instrument at COP 3. Consequently it considers it vital that this session of the AGBM develops guidance to enable AGBM 5 and AGBM 6 to make concrete progress.

Therefore the Secretariat is requested to elaborate under the guidance of the Chairman/Bureau of AGBM, a single synthesis of the various proposals on policies and measures as well as on QELROS and other elements of a future Protocol or other legal instrument.

To enable the Secretariat in good time for AGBM 5 to circulate this synthesis Parties are invited to submit their suggestions by 30th October 1996.

In executing this task the Secretariat shall distinguish between national policies and measures, those to be internationally coordinated, and those to be agreed internationally in common, on the basis of proposals submitted.

The EU is of the opinion a first draft negotiating text will have to be developed for AGBM 6. It is therefore essential for Parties to bring forward proposals for AGBM 5.



# AUSTRALIA

## UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SECOND SESSION OF THE CONFERENCE OF THE PARTIES

STATEMENT BY MS JOANNA HEWITT  
ON BEHALF OF THE AUSTRALIAN DELEGATION

ITEM 3: AD HOC GROUP ON THE BERLIN MANDATE (AGBM)

GENEVA

15 JULY 1996

CHECK AGAINST DELIVERY

### AGBM agenda item 3

#### Strengthening the Commitments in Article 4.2(a) & (b)

##### STATEMENT BY AUSTRALIA

Australia welcomes the opportunity provided by the Chairman to give country views on this agenda item as a whole. This is central to our assessment of progress to date and to the outlook for negotiations in the Berlin Mandate process. We need to take into account what we have achieved with action under the Convention to date, what the science is telling us and our current state of thinking about QELROs and policies and measures. Our task has considerably facilitated by the constructive and focused consideration of QELROs and policies and measures afforded by the AGBM informal round tables over recent days.

For Australia, some clear themes have emerged:

- There remain considerable differences of view between countries on appropriate approaches to both policies and measures and QELROs to result from the Berlin Mandate negotiations;
- Parties are engaged in a detailed collective examination of the merits and considerations attached to the various options available;
- This process of detailed collective evaluation, which we have termed analysis and assessment in the Berlin Mandate, has already revealed the complexity of the issues we face in developing an effective and equitable outcome; and
- There is a wide variety of country circumstances and the diversity of the policy challenge at national level is apparent as we review Annex I Parties' efforts to implement policies and measures to meet the Convention's existing implied target.

It follows from this that our approach to elaborating QELROs in the Berlin Mandate context should be informed by the fact that:

- Current projections show that very few OECD countries will achieve the aim of returning emissions to 1990 levels by the year 2000;
- Studies by the IEA and others demonstrate that demand for energy will continue to rise after 2000 in both developed and developing countries, and there will be continued upward pressure on emissions;
- The technical and commercial potential to limit emissions in any given period without seriously undermining economic growth is limited. (Over short time frames technological change and economic restructuring can contribute little to efforts to reduce emissions); and
- Uniform QELROs impact on countries unevenly and may impose unnecessarily high costs not only on those countries undertaking abatement, but on non-abating countries through trade linkages

## QELROs

Mr Chairman,

These are important messages for the direction of the work in the AGBM and the nature of the Berlin Mandate outcome as we intensify our efforts working towards COP3.

They reinforce the argument for the comprehensive approach. The comprehensive approach widens the range of sectors and policies and measures through which Parties may take action, allowing achievement of global environmental benefits at the lowest possible economic cost. Australia is strongly committed to the comprehensive approach.

Review of experience to date also points to a range of complex issues which require further analysis and assessment in respect of the appropriate timetable to apply to the Berlin Mandate outcome. Australia is attracted to a shorter time frame because this would ensure early abatement action and at the same time prepare for subsequent rounds of negotiation over the next few years. A short time frame has the advantage of being able to take into account, at the earliest possible time, the lessons from implementation of the Berlin Mandate outcome and we could progressively factor in improved scientific understanding of climate change, and likely increases in the capacity of some non-Annex I Parties to take on emission abatement commitments.

Australia considers that it is too early in the negotiating process to consider whether or not any emission objective or objectives included in the Berlin Mandate should be legally binding. We need first to clarify the magnitude of any emissions objectives and the nature of individual country commitments.

Of central importance is the need for the Berlin Mandate negotiations outcome to be realistic and achievable. It must at the same time be fair and equitable for all Parties. Only these conditions will allow for a robust collective environmental result by providing a realistic basis for Parties to achieve their individual, equitable and differentiated commitments, and building a solid foundation for progressive future climate change agreements.

While uniform emission objectives are being advocated by some on the grounds of their apparent ease of negotiation, this approach is neither cost effective, environmentally effective nor equitable. Uniform emission objectives ignore the differences in Parties' costs of abatement resulting from different economic structures, resource bases and other national circumstances.

There is an emerging consensus among the research community that uniform QELROs would impose unnecessarily high costs not only on those countries undertaking abatement, but also on non-abating countries through trade linkages.

This points to the need for differentiation. There are a number of possible approaches to differentiation, some of which are outlined in document FCCC/AGBM/1996/7. We would like to thank the Secretariat for its excellent work examining different differentiation options in a neutral way. However, there is a note of implied criticism

because of methodological problems which the authors envisaged could complicate negotiations.

We believe that resolution of this issue is fundamental to the long term viability of the Convention. We point to the conclusions reached by the IEA that "differentiation is central" and that "countries and circumstances are so different that widespread adoption of a commitment expressed identically for all Parties would be economically sub-optimal".

In the interests of taking this concept forward, we suggest illustrative approaches to differentiation worth further assessment as approaches by which equity principles might be operationalised in the AGBM outcome. They are emission reductions based on projected emission trends rather than historical (for example 1990) emissions; and emissions objectives adjusted for factors including population growth and emissions embodied in trade

At this stage it is premature to rule out any approach to differentiation that can add to the robustness and sustainability of the Berlin Mandate outcome. A key message is that, given the importance of equity in securing a sustainable environmental outcome from these negotiations, this issue now deserves our highest priority attention.

Mr Chairman, I note that Mr Dan Reifsnyder, the Chairman of the Round Table session on QELROs made the personal observation that "highly developed differentiation" was unlikely to be adopted by the AGBM. Australia does not share this view. We see it as a fundamental issue in the negotiations for the period ahead and do not accept that it is too difficult to negotiate.

### Policies and Measures

These same perspectives inform Australia's approach to consideration of policies and measures in the AGBM.

Some Parties have proposed certain policies and measures for common or coordinated implementation by Annex I Parties. Australia is not in favour of an outcome which specifies a mandatory set of policies and measures for Annex I Parties. In addition, in Australia's view, a good deal of further analysis and assessment is needed before the appropriateness of any coordinated action on particular policies or measures could be reasonably considered.

This is necessary because of the diversity of country circumstances and policy approaches. This was demonstrated by the discussions in the informal round table and is further reinforced by the report of the Annex I Expert Group which underlined the range of complex issues that coordination of policies and measures raise. The need for policies and measures to be tailored to national circumstances is clear.

Policies and measures which may be 'no-regrets' or very low cost options in some countries could be high cost options in others. We cannot assume away the consequences of different economic structures, resource endowments, available technologies and patterns of trade.

Given these realities, Australia has a cautious view about the scope for coordination of policies and measures. We do see great value, however, in pressing ahead urgently with work to increase our knowledge of the likely effects of policies and measures being proposed for inclusion in the AGBM outcome. This work needs to analyse proposed policies and measures, and carefully assess the costs and benefits for each Annex I Party. We would also need to know the likely costs and benefits for Parties not participating in the coordination of policies and measures. These might include terms of trade effects and loss of export earnings, as well as the implications of trade between participating and non-participating countries for Parties' obligations under the WTO.

For all these reasons, Australia believes that responsibility for assessing whether particular policies and measures are appropriate must rest with the national government concerned. They must be able to choose the most cost effective package of policies for their national circumstances. Individual Parties must have the flexibility to determine the right policy mix at any particular point in time to best achieve their emission objectives.

Mr Chairman,

We believe that the establishment of a set of criteria for evaluating policies and measures would be critical to advancing this aspect of the Mandate. Such criteria should allow for analysis and assessment of a comprehensive set of policies and measures (reflecting the comprehensive approach required by the Convention and the Berlin Mandate), and not be limited to selective sectoral approaches.

As a final point, we think that attention will need to be given to reporting processes for policies and measures, but this is a matter for a later stage in the negotiations, when the AGBM has a clearer collective picture of the structure, content and legal status of the Berlin Mandate outcome.

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JAPAN

Statement 1

Item 3 : Strengthening of Article 4.2(a) and (b)

[Overall Issues and Policies and Measures]

*Mr. Akihiko FURUYA*

*The Delegation of The Government of Japan*

*at The Fourth Session of AG/BM*

Thank you very much, Mr. Chairman :

1. Let me begin by expressing my highest appreciation for the efforts that have been made by the President and the Secretariat during each of the previous sessions since last year.

The first point I wish briefly to raise is with regard to the process after COP2 up to COP3, which seems desirable to my delegation. Japan recognizes that the Fourth Session of AGBM, whose conclusions are expected to be endorsed by COP2, will be one of the most vital turning points for COP3. Various types of analysis and assessment have already been conducted by the Parties concerned. In our view, COP2 is an appropriate juncture at which the Parties might shift the focus from analysis and assessment to the negotiation phase, although it is not desirable to finalize analysis and assessment at the present time.

2. Secondly, in order to be brief, I wish to reaffirm that Japan's overall view and its proposal relating to the possible elements of a new legal instrument are contained in the Secretariat Document FCCC/AGBM/1996/Misc.1/Add. I earnestly hope that my colleagues in the other distinguished delegations will read it carefully.

3. Third, with regard to policies and measures, I would like to recall my own statement made at the third Session of AGBM. It went as follows. "It is essential to allow each Party to make choices in selecting the policies and measures, considering each Party's different conditions in order to facilitate international consensus, rather than establish one that compels each Annex I party legally to take specific policies and measures". This basic position of ours remains unchanged.

4. Based upon this basic position, Japan stated in the Third session of AG/BM that it seems appropriate to incorporate and introduce the concept "CO2 emission efficiency" in a protocol. We then touched upon one approach, as an example, by which Parties make a commitment on "CO2 emission efficiency targets" in the medium- long term, such as by 2010 or 2020. The Government of Japan believes that if the Parties are to take this approach, it is desirable to establish many other targets in accordance with the above mentioned concept. Furthermore, we deemed it worthwhile for each party to consider establishing such targets. Japan hopes that suggestion will be discussed at the AG/BM session..

5. As the second point relating to policies and measures, Japan has been studying with a great interest on the idea the EU proposed at the Second Session of AGBM that classifies policies and measures into certain categories. In this relation, Japan is able to give its support in exploring the possibility of introducing to all Annex I Parties common policies and measures that is through to have the possibility to decreasing the costs in taking measures. Notwithstanding the above, however, it is a fact that each Party has different conditions in various aspects such as climate, natural features, and in terms of industrial structure such as agriculture, manufacture and service industries, and energy structure. It is a fact that the climate change issue is not the only factor that determines a country's economic and social policy. Consequently, it is quite understandable that there are some policies and measures that would be difficult to introduce in common by all the Parties, considering each Party's varying economic and social conditions.

Therefore, an essential task for us is to work out methods after candidly sharing these facts, which could thus allow for some leeway to each Party in selecting appropriate policies and measures. Provided that this discretion is maintained, it is necessary for us to start categorizing policies and measures in a more concrete manner as we have already observed in each Party's National Communication and in the document FCCC/AGBM/95/6, prepared by the Secretariat at the Second Session of AGBM.

6. The last point of my statement is with regard to expressing Japan's firm determination toward COP3. Japan considers that it is essential for my country to contribute to the protection of global environment and, thereby, to fulfill our role as a developed country. From this viewpoint, Japan has decided to invite COP3, and we wish to cordially request that our friends in the distinguished delegations in this room support, at COP2, Japan's candidacy for hosting COP3. It is a matter of course that the new legal instrument, which is expected to be adopted at COP3, needs to be highly effective in terms of environment protection. The Government of Japan is of the view that it is important that the Parties reach an agreement at COP3 that would strengthen our commitment to global warming prevention. International and domestic efforts should be mutually supportive and could even enhance each other. It is essential that we move forward, even if it is just one step or two. Based upon this recognition, Japan will continue to explore, on the one hand, idealistic approaches regarding policies and measures, carefully listening to the advice of scientists and specialists, experts, and Japan will, at the same time, continue its examination from a realistic viewpoint on the best ways to produce an agreement among all the Parties.

Thank you, Mr. Chairman.

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JAPAN

Statement 2 (Provisional)

Item 3 : Strengthening of Article 4.2 (a) and (b)

[QELROs]

Mr. Akihiko FURUYA

The Delegation of The Government of Japan

at The Fourth Session of AG/BM

Thank you very much, Mr. Chairman:

1. While we the Parties face the fact that each Party has different geographic conditions and varying economic and social structures, we are now struggling to make progress toward new and effective international actions for environment protection. The Government of Japan is of the view that since more consideration is necessary with regard to equity and economic efficiency as the reduction rate becomes larger, it is desirable, to the extent that it is possible, for differentiated QELROs to be established based upon objective criteria/indicators, which incorporate a wide variety of elements in each party. If we introduce a uniform set of objectives applicable to all the parties, as the reduction rate becomes larger, it could lead to imposing a reduction on States having only a small potential for CO<sub>2</sub> reduction, which would make it impossible for the objectives to be implemented. Or, as the reduction rate becomes smaller, such objectives could result in the States having a high potential being required to meet lower objectives.

2. The Government of Japan has observed the discussions among the experts at informal workshops and research centers regarding QELROs. Taking into account these informal exchanges of views, my delegation also observes that it is not easy for all Parties to reach a consensus on appropriate differentiated quantified objectives. However, reflecting upon the problems of flat targets, notwithstanding such informal exchanges of view, the delegations of the Parties should discuss the advantages and disadvantages of differentiated objectives at the sessions of AG/BM, since AG/BM is the place officially given the mandate to reach a conclusion by the Conference of the Parties by taking up certain possible concrete options with regard to criteria and indicators for differentiation. Moreover, if differentiation proves to be effective and necessary, we should continue to take into account such concrete criteria and indicators for various differentiations. Japan thus appreciates, at the preliminary stage of this study, the informal workshop on QELROs organized by the Secretariat at the previous AG/BM.

3. As to the direction of differentiation, one point that we wish to make clear is that we should pursue such differentiation as would bring forth strenuous political efforts from each Party. The Government of Japan will, of course, make further efforts for the limitation and reduction of greenhouse gas emission. The results of the Berlin Mandate Process should allow all of us to feel encouraged with regard to the Parties' future efforts as well as to be appreciative of our previous hard efforts. It is now incumbent on the parties to set up a mechanism that would enable the Parties to continue their efforts. Yet, were we to establish a mechanism by which the Party taking more measures is obliged to adopt even more measures, the Parties would hardly wish to continue to make efforts toward

arresting global warming. One of the examples of such undesirable mechanisms would be to oblige a Party to undertake new efforts depending upon the economic capabilities of the specific Party, which might have little to do with the Party's load with regard to the environment. My Government is opposed to this kind of differentiation, since a total solution for global warming will require efforts from all of us all over the world for tens, if not, hundreds of years.

4. Before moving into discussions on concrete idea with regard to differentiated QELROs, I have observed that some Parties have voiced their concerns that the contention for differentiation is aimed at confusing and prolonging the negotiation on a legal instrument. However, our intention is not that at all. The GOJ is of the view that the discussions on differentiation should be carried out under a broad framework that would encourage us to reduce the total GHG emissions of Annex I Parties in a medium/long time period. It is a matter of course that even though we have set differentiated QELROs, all the Annex I parties are obliged by common commitment to work toward the prevention of global warming. Further more, it is also important for all parties to share a common recognition in a protocol or other legal instrument with regard to the CO<sub>2</sub> concentration level thought to pose dangerous anthropogenic interference to the climate system.

5. In setting differentiated objectives, the GOJ is of the view that it is important to promote the improvement of CO<sub>2</sub> emission efficiency in particular by taking energy saving measures. Based on such recognition, Japan pays close attention to the fact that there remain considerable differences among developed countries in CO<sub>2</sub> emission effectiveness due to the differences in past efforts for energy-

saving and for the introduction of recyclable energy.

Consequently, in formulating criteria/indicators for differentiation, it is important for all parties to recognize such differences in GHG emission effectiveness among the Parties. Japan would like to suggest, as one of the possible options, an objective that is differentiated based upon by the improvement rate of each Party's "GHG emissions per GDP" with consideration to the differences of the starting point.

With regard to a more detailed explanation, we would like to ask the distinguished delegates to read the document that has been placed at your table.

6. The Government of Japan observes that many parties have point out the necessity for ensuring equity and efficiency among Annex I Parties. Yet, few concrete proposals on possible differentiation of QELROs have been submitted for consideration. In light of this situation, the GOJ intends to present some modest suggestions with a view to facilitating more concrete discussions among the Parties. The GOJ would like to confirm that it will at all times positively respond to any other appropriate ideas. Indeed, our purpose in making these suggestions is to contribute to substantial progress on the negotiation of QELROs at the session of AG/BM. The GOJ also expects that its colleagues in other Parties will hold active discussions and submit proposals regarding QELROs options and formula on the equity and efficiency in order to formulate a proposal that is feasible and effective with regard to environmental protection.

Thank you, Mr. Chairman.

**Second Assessment Report of the IPCC: Statement by Ireland on behalf of the European Community and its Member States**

Ireland, on behalf of the European Community and its Member States, congratulates the scientists, experts and officials who have worked hard in the preparation of the IPCC Second Assessment Report, which it regards as the most comprehensive and authoritative report available on climate change. The EU would also like to record its appreciation to the Secretariat for providing useful summaries of the contents of the Report to help delegates find their way around the detailed material. The EU commends the IPCC summary reports to all delegates as providing a balanced view of the scientific and technical issues, and recalls that these were approved by Governments at the sessions of the IPCC.

The EU recalls that the preliminary views of delegations concerning the conclusions of the Second Assessment Report were recorded in the report of the last meeting (FCCC/SBSTA/1996/8). The EU would wish to draw attention to the summary of key findings listed in paragraph 24 of that report. It commends these as providing a brief but balanced summary of the key conclusions of the Second Assessment Report.

The EU notes with concern that the IPCC has stated that the balance of evidence suggests that there is a discernible human influence on global climate. Unless urgent action is taken, the global mean surface temperature, following the IPCC mid-range emission scenario, is projected to rise by about 2°C by 2100. This rate is about 4 times faster than in the previous century, an average rate of warming which is probably greater than any seen in the last 10,000 years. Since the IPCC's First Assessment Report in 1990 there has been a reduction in the scientific uncertainty attached to this change in temperature.

Climate change will produce many effects on human health, terrestrial and aquatic ecological systems and on socio-economic systems. The IPCC SAR also points out that as a consequence of this temperature increase the sea level is projected to rise by about 50 centimetres by 2100, and that there will be other adverse effects of climate change, some of which are potentially irreversible.

The EU recognises that, according to the IPCC, stabilisation of atmospheric concentrations of carbon dioxide at twice the preindustrial level, ie 550ppm, will eventually require global emissions to be less than 50% of current levels of emissions; such a concentration level is likely to lead to an increase of

global average temperatures of around 2°C above the pre-industrial level.

Given the serious risk of such an increase and particularly the very high rate of change, the EU believes that global average temperatures should not exceed 2°C above the pre-industrial level and that therefore carbon dioxide concentration levels lower than 550ppm should guide global reduction efforts. This means that the concentration of all greenhouse gases should be stabilised. This is likely to require a reduction of emissions of greenhouse gases other than carbon dioxide, in particular methane and nitrous oxide. The EU looks forward to the results of the further technical paper, including social and economic considerations, on this issue which is due to be completed by the IPCC, at the request of SBSTA, by the end of 1996.

In this context the EU believes the precautionary principle should be applied. It notes that the IPCC considers that significant reductions in greenhouse gas emissions are technically possible, and can be economically feasible. It also notes that significant "no-regrets" opportunities are available; and that there is a rationale, on the basis of potential risk, for action beyond no-regrets for Annex-I Parties.

The EU stresses that the findings of this Report underline the need for urgent action at the widest possible level. The EU believes that Annex-I Parties must take the lead in combating climate change and its adverse impacts and that non-Annex-I Parties must also continue to advance the implementation of their commitments.

The EU reaffirms its belief that this Report constitutes a key input in the process of defining and agreeing internationally the appropriate next steps towards achieving the ultimate objective of the Convention. Furthermore the Second Assessment Report is the principal reference document for global emission reduction objectives, for the technical potential and for cost-effectiveness of the measures which have to be selected within the defined portfolio of options.

The EU also supports the continuing work programme of the IPCC and its position as the primary science assessment body from which the Bodies of the Convention can draw scientific advice. It urges all Parties to continue to support the work of the IPCC. The EU welcomes the continuing good working relationship which has been developed between the IPCC and the Convention and notes the efforts being made by the IPCC to address the issues raised at the last meeting of the SBSTA.

Finally, the EU urges the Conference of the Parties to endorse the Second Assessment Report and to accept it as the most comprehensive and authoritative assessment of available scientific and technical information related to climate change. The COP should accordingly request AGBM to develop its proposals by way of urgent response to the SAR assessment.

### **SBSTA3 Agenda Item 3 - Scientific Assessments: Consideration of the Second Assessment Report of the IPCC**

#### **Australian Intervention**

Australia is keen to reiterate and expand on its endorsement of the importance and significance of the IPCC Second Assessment Report to SBSTA and to all the bodies of the Climate Change Convention.

In Australia's intervention to SBSTA2, Australia commended the IPCC for its substantial contribution towards the implementation of the Convention. We drew attention to what we consider to be key findings of the report and to the reinforcement that the report provides for the basis of concern which led to the negotiation of the Convention. We reiterate here our belief that the Second Assessment Report presents a strong message to nations about the importance of effective global action to reduce greenhouse gas emissions.

It is important for SBSTA to note that there are strong messages embedded in the totality of the Second Assessment Report. The report contains important new scientific findings which further reduce the uncertainties regarding climate change, its causes, its impacts and possible response options. The report provides a balanced assessment of climate change, with attention also drawn to the range of uncertainties that still remain and the need for concerted actions to address and further reduce them.

Australia congratulates the IPCC for the high standard it has maintained and the continued integrity and scientific rigor that has been achieved in completing the Second Assessment Report. We welcome the Second Assessment Report as the primary focus for the Ministerial segment of COP2

Australia welcomes the continuation of the IPCC's role as a main source of scientific and technical assessments relevant to the implementation of the Convention. We note that the IPCC Bureau at its tenth session in March 1996 considered the requests from both SBSTA and AGBM for a further program of work comprising technical papers, workshops and special reports. As the IPCC Chair informed us yesterday in his address to the COP plenary, three of these technical papers will be completed by the end of the year, in time for SBSTA4, and the remainder in 1997. We express our hope that the IPCC Panel at its 12th session in September this year further advances the work program, particularly through approval for the preparation of the requested series of special reports.

Australia supports the proposed contribution from the Convention budget to the IPCC and we express our desire that the products of the IPCC work program be completed and reported to the Convention bodies in a timely fashion, according to the schedule.

Australia is conscious of the significance of the elements of the IPCC work program to advancing our understanding. However, Australia considers it would be premature for

SBSTA3 to recommend, and for COP2 to make political judgement on, the specific atmospheric greenhouse gas concentration levels that would constitute "dangerous interference with the climate system".

Australia also notes the important linkages between the IPCC work program and other agenda items of SBSTA3, notably:

- the IPCC work on greenhouse gas inventory methodologies and its relevance to SBSTA's progression of discussions on national communications; and
- the contribution of IPCC activities, particularly those relating to technology development and technology transfer, to the work program for the roster of experts which SBSTA currently has under consideration.

U.S Statement on Scientific Assessments  
SBSTA  
July 9, 1996

- Thank IPCC (and chair) for work and for reporting on work
- Agree with others that the IPCC provides the most authoritative and comprehensive report available.
- Note that US submitted its comments and they are included in MISC.4. Also note conclusions contained in para 24 of SBSTA/1996/8 which list the key IPCC conclusions. We won't go entirely through either our own submission or those in para 24, but we, do wish to reiterate some of the key points at this time:
  - There are regional and global impacts: human activities are increasing the concentrations of CO<sub>2</sub> and other GHGs in the atmosphere; the Earth's climate is changing with the surface temperature as warm or warmer than any other century since at least 1400 A.D.; the temperature has increased by 0.3 to 0.6 degrees C over the last century and the last few decades have been the warmest on record; models account for the observed increases, and simulate the recent history of observed changes with increasing realism; and the balance of evidence suggests that there is a discernible human influence on global climate.
  - There are potential health and environmental consequences: While impacts will be hard to quantify with certainty, human health is expected to be adversely affected; food security is expected to be threatened in some regions; water resources are expected to be increasingly stressed; natural ecosystems are expected to be degraded. Developing countries are more vulnerable than developed countries to climate change because of their socio-economic conditions.
  - There are many approaches to mitigate or adapt. Adaptation will involve adjustments in practices, processes or structures of systems, and to be successful will rely on technological advances and possible changes in institutional arrangements; mitigation of emissions is also possible -- gains in efficiency of 10-30% above present levels over the next 2-3 decades are feasible at little or no cost in most parts of the world through conservation measures, development of new energy supply technologies and improved land management practices , flexible cost-effective policies can considerably reduce mitigation and adaptation costs, and international and intergenerational equity are critical for policy formulation.
- Implications for policymakers:
  - In our opinion the IPCC has clearly demonstrated that the actions currently being taken under the FCCC to address the threat of climate change are

inadequate; the Berlin mandate reached this conclusion, and the science supports it.

- The IPCC has shown that there are many cost-effective approaches to reduce net emissions in all parts of the world, which implemented would provide significant environmental benefits. In all countries, both A-1 and non-A-1, many of these options will improve prospects for sustainable development and management of resources.
- While we are clearly not technology-limited in making some initial progress in reducing projected GHG emissions, deep long-term cost-effective reductions will require significant R&D and improvements in energy, industrial and crop technologies.
- Therefore it is clear we collectively must redouble our efforts in identifying the most cost-effective global approaches to reduce emissions in both the near and long-term utilizing a broad portfolio of actions. Further, we must increase support for cooperative national and international efforts to understand the socio-economic consequences of climate change, regional variations, and the efficacy of adaptation and mitigation options.

#### What is next?

- Much new work is underway to address next steps. See for example the actions being undertaken by the IPCC and listed in SBSTA/1996/8, para 30 and Annex III (including in particular examination of the impacts of climate change, an evaluation of technologies, and the modelling of stabilization scenarios towards addressing Article 2) These are useful tasks and will continue to help promote appropriate next steps.
- The SBSTA should recommend to the COP that the IPCC be considered an authoritative and comprehensive scientific input to the process of negotiating next steps. On the basis of the existing science, the AGBM and the COP have the basis for taking future action; the decisions on the levels and the kinds of action are theirs to make. We all need to take actions to address dangerous levels of greenhouse gas concentrations in the future; the IPCC provides the basis for consideration of next steps.

Taking Stock and Intensifying Efforts

Ireland, on behalf of the European Community and its Member States, agrees that the requirement on the AGBM to report to COP2 be met by means of an oral report by the Chairman to COP2.

The EU notes with concern that the Berlin Mandate process is not advancing as needed to achieve its intended objective - and reiterates its willingness to continue to participate in a constructive and concrete process to finalise an ambitious protocol at COP3.

The EU urges AGBM to focus now on intensive negotiations while refocusing analysis and assessment.

The EU has expressed its belief that global average temperatures should not exceed 2°C above pre-industrial level and that therefore concentration levels lower than 550 ppm CO<sub>2</sub> should guide global limitation and reduction efforts. This means that the concentrations of all greenhouse gases should also be stabilized. This is likely to require a reduction of emissions of greenhouse gases other than CO<sub>2</sub>, in particular CH<sub>4</sub> and N<sub>2</sub>O. The EU has called for urgent action at the widest possible level and for Annex I Parties to agree to a significant reduction in greenhouse gas emissions in the period after 2000 below 1990 levels. The EU has also put forward a series of papers on policies and measures in view of the development of a protocol. The EU urges other Parties to forward proposals on these matters to ensure that discussion and substantive progress take place at AGBM 5.

The EU considers that a first draft protocol should be under negotiation in the AGBM at its sixth Session. To assist the development of a draft for AGBM 6, the EU calls for the preparation by the Secretariat of a synthesis of proposals received in time for AGBM 5.

SBSTA Item 5  
Geneva, July 1996

**AIJ - annual review of progress under the pilot phase**

Ireland, on behalf of the European Community and its Member States, wishes to express its gratitude to the Secretariat for the progress report on activities implemented jointly under the pilot phase. The report itself points out that the time available to Parties to submit information, and to the Secretariat to compile it, was quite short. Accordingly, definitive conclusions cannot yet be drawn about the AIJ activities reported on or the adequacy of the reporting framework agreed at the Second Session of SBSTA.

The EU notes the Secretariat's observation that there was no consistent approach among reporting Parties to projecting emission reductions and that reported project costs did not permit comparisons of cost and cost effectiveness. Neither does the additionality of AIJ measures appear to be transparently demonstrated. The EU urges Parties to improve reporting on these important issues.

The EU agrees that the analysis and review of AIJ projects and programmes would be greatly simplified by the adoption of a uniform format within the reporting framework. In this context the EU considers that the Secretariat should be asked to develop a proposal for such a format for consideration by the SBSTA at its fourth session.

The EU is concerned that the COP, no later than the end of the present decade, should have available all necessary information to enable it to take a conclusive decision on the pilot phase and the progression beyond that. The EU therefore proposes that the suggested workplan should focus initially on those tasks which will be especially supportive of this decision. In the view of the EU, main tasks will be the production of annual progress reports, the development of a uniform reporting format and additionally the production of compilation reports on progress made for SBSTA and SBI consideration.

In addition to these main tasks the EU considers that the Secretariat should be requested to consider the arrangements for the organisation of the necessary methodological workshops, the integration of AIJ information onto the CC: INFO database, the preparation of the compilation report and an AIJ forum.

The EU would also welcome proposals from the Secretariat on cost effective approaches to the dissemination of project and programme specific information. The EU considers that the widest possible access should be encouraged to AIJ information and that in general considerations of commercial confidentiality should not impede this.

**U.S. Intervention on Activities Implemented Jointly  
Third Meeting, Subsidiary Body for Scientific and Technological Advice  
July 10, 1996**

Mr. Chairman,

The U.S. has been and continues to be a strong supporter of Joint Implementation (JI) and Activities Implemented Jointly (AIJ). AIJ provides the international community with an opportunity to establish an empirical basis for considering approaches to JI while at the same time promoting sustainable development through the promotion and diffusion of technologies and practices that control or reduce emissions and enhance sinks of greenhouse gases (GHGs).

For the second session of the Conference of the Parties (COP 2), the United Nations Framework Convention on Climate Change (UNFCCC) has presented a Progress Report on Activities Implemented Jointly and an Addendum on the same topic to the Subsidiary Body for Implementation (SBI). These documents raise a number of issues for discussion in the UNFCCC meetings surrounding COP 2. I will briefly summarize our views on each of these issues.

First Annual Report on AIJ

The U.S. recommends that the SBI and the Subsidiary Body for Scientific and Technological Advice (SBSTA) adopt the Progress Report and Addendum completed by the Secretariat as the first annual report on AIJ. The report is well written and covers all of the areas that we believe are essential in the annual report, namely a presentation of the work of SBSTA and SBI on AIJ in the previous year, a work plan for the upcoming year, and a synthesis of information on AIJ found in the reports from Parties.

Unified Reporting Format

The lack of a unified reporting format made it very difficult for the Secretariat to compile and compare information from Parties on AIJ for the development of the Progress Report and Addendum presented at this Conference of the Parties. All Parties reported information differently in their national reports, and most did not report information on all of the elements in the reporting framework.

The Secretariat has suggested that Parties may wish to consider adopting a unified reporting format as a complement to the reporting framework that has already been adopted by the Parties. The U.S. endorses this suggestion. We suggest that Parties be invited to submit proposals by October 1, 1996 on such a format and that the Secretariat develop a recommended format for presentation to the Parties at the fourth session of the SBSTA. In developing their comments, we suggest that Parties work from the format adopted by the Secretariat in their current Progress Report and address modifications to that format. If the Secretariat needs assistance in its effort to develop a reporting format, the U.S. is willing to provide in-kind resources to aid such development.

## FCCC Work Program on AIJ

In the progress report on AIJ, the Secretariat presents a proposed work plan. It is the recommendation of the U.S. that a work plan be adopted so that the subsidiary bodies can begin to complete the work necessary to implement, review, and complete the international pilot on AIJ. Several specific issues are raised in the proposed work plan. I will address each one in turn.

1. Workshops on methodological issues: The Secretariat has proposed expert workshops on methodological issues surrounding AIJ. The U.S. supports Secretariat efforts to convene such workshops. In particular, we would support an initial workshop that identifies a broad array of methodological issues surrounding AIJ, identifies the technical analysis that needs to be completed on these topics during the pilot phase, and begins to evaluate options for addressing them. The U.S. is willing to host and co-sponsor this workshop.

2. Information storage and dissemination: The Secretariat has raised three issues concerning the storage and dissemination of information regarding AIJ electronically. First, they have raised the possibility of storing and disseminating information on AIJ during the pilot phase electronically. The U.S. supports such efforts. Secondly, they have questioned whether or not information received by the Secretariat should be considered to be public information or whether some information might be considered confidential. It is the position of the U.S. that all information provided to the Secretariat on AIJ is public information. None of the information provided in our first report to the Secretariat is confidential. Third, the Secretariat has questioned whether, in addition to synthesis reports, there is a need to disseminate information received from Parties in the form in which it is submitted. It is the view of the U.S. that the dissemination of such information, other than summary information provided by the Secretariat to Parties electronically or through publications, is the responsibility of each Party.

3. Compilation report: The Secretariat has suggested the publication of a compilation report on AIJ for each of the subsidiary bodies' regularly scheduled meetings. The U.S. endorses the publication of such a compilation report, which is updated over time. Such a report should include information submitted by the Parties related to ongoing projects and available resources, a bibliography of current printed material on AIJ, a directory of electronic sites containing information on AIJ, and updated national contact information as provided in the Annex to the current Addendum. We recommend against having this report contain information on proposed projects, as recommended by the Secretariat. The provision of such information would be very time and resource-consuming for the Secretariat. The Secretariat is planning to provide such information to the international community electronically in any case.

4. AIJ Forum: The Secretariat has suggested that Parties consider the formation of an AIJ Forum which would meet in conjunction with regularly scheduled subsidiary body meetings. The U.S. is supportive of the development of a forum for the technical implementers of government's AIJ programs to meet once or twice a year and share views and experiences. The forum could cover such topics as the importance of criteria, how to set up an interagency review process, and how to set up a project evaluation process. We

suggest that these meetings be scheduled in coordination with the methodological workshops on AIJ convened by the Secretariat rather than with subsidiary bodies meetings, however, as we expect there to be more overlap of the persons implementing AIJ programs with the persons attending technical workshops rather than the persons attending subsidiary body meetings.

The U.S. suggests that a first meeting of this group take place directly preceding or following the first UNFCCC methodological workshop on AIJ and consider the development of national programs on AIJ. Countries with established programs could be asked to make presentations, and countries just beginning to develop their programs could discuss their programs and any difficulties they have encountered in setting up their program. The U.S. would be happy to make a presentation at this workshop and to support the SBSTA in the development of this workshop.

#### Future Annual Reports on AIJ

The Secretariat has suggested that there are two areas concerning future reports on AIJ where they need feedback from Parties. The first concerns the consideration of the timing of submissions for the next annual report. On this issue, the U.S. suggests that Parties provide submissions to the Secretariat three months in advance of each COP. This date allows enough time for SBSTA to develop and modify the reporting format, provides Parties with enough time to compile and prepare substantive, detailed reports, and provides the Secretariat with an appropriate amount of time to compile submissions.

The second area concerns comment and guidance on the structure and presentation of the progress report itself. The U.S. has several comments and several suggestions on improvements to the structure and presentation of information. First, the U.S. appreciates the concise, transparent way in which information is provided in the Addendum. We recommend the continued use of tables where possible. Secondly, the U.S. appreciates the presentation of information on a topic by topic basis rather than on a country by country basis. At this stage in the development of AIJ, it is very important for Parties to be able to compare project and program information in order to identify areas of inconsistency and evaluate potential opportunities for improvement to programs and projects. Third, the U.S. suggests that future synthesis reports provide more detailed information on specific AIJ projects. It is understandable that such information was not presented in this report due to the short time frame available to Parties to prepare reports, obtain concurrence from Parties on the report and submit them to the Secretariat and due to the non-comparability of information provided by Parties, but a more relaxed time schedule and the development of a unified reporting format should make the presentation of information on specific AIJ projects possible in future reports. Finally, the U.S. has several technical corrections to the summary information provided in the progress report and the addendum on the U.S. Initiative on Joint Implementation. We will convey that information to you in writing.

Finally Mr. Chairman, in closing the U.S. would like to note that a copy of the U.S. submission to the Secretariat on AIJ is available downstairs at the USIJI display booth. We would note that since submitting this document to the Secretariat we have obtained the consent of all countries to the reporting of their project information by the Secretariat.

**US Statement  
Second Compilation and Synthesis of National Communications  
SBI, July 11, 1996**

Thank you, Mr. Chairman;

The Compilation and Synthesis Reports are the primary tool by which we review our collective efforts to address climate change. Once again, as it did in its first compilation and synthesis report, the Secretariat has done a truly excellent job in providing us with a complete and thorough review of the national communications submitted to date.

The synthesized information provided by 31 Annex I Parties, supplemented by information from the in-depth review process presents a current snapshot of the diverse activities underway to implement our commitments. This information better enables us to carry out three of the discrete elements required by FCCC Articles 7.2 and 10.2: implementation of the Convention by Parties; consideration of the overall effects and cumulative impacts of measures taken; and the extent to which progress toward the objective of the convention is being achieved. We would like to address each of these items in turn.

The preparation, submission and review of national communications is one of the fundamental tasks required of Parties to the Convention. We are extremely pleased to note that 31 Parties have submitted such reports. We are disappointed (and somewhat surprised) that not all Parties that had the obligation to report managed to do so in time to see their communications discussed in this text. Sound reasons may exist for this delay; we hope to have such explanations provided to us.

We also note that there are some inconsistencies in national communications, as noted in the compilation and synthesis report, which prevent a fuller assessment or aggregation of actions taken to implement the Convention. However, we are certain that these inconsistencies and barriers to compilation can be readily overcome by adoption of the revised guidelines for Annex I communications which are now being discussed in a separate contact group. By improving the comparability, transparency and consistency of national communications, the revised guidelines will greatly ease the Secretariat's task in compiling the communications; and more importantly, provide the Parties with a better basis against which to assess our efforts.

We fully support the preparation of these compilation and synthesis reports for the Conference of Parties, and look forward to the third compilation, prepared on the basis of at least a preliminary review of the second national communication from Annex I Parties. By the third compilation and synthesis, we will have compiled several years of inventory data, and we will know how effectively our individual and collective efforts to address greenhouse gases have been. To make such information as clear and accessible as possible, we encourage the Secretariat to begin to assess new inventory data, including comparing it to previous inventory data, and comparing new inventory

data with earlier projections, as well as providing some objective comment on our collective efforts.

In anticipation of this task (and what we see will be a growing database of information), we note our strong support for the adoption of revised guidelines for Annex I Parties and guidelines for the preparation of first communications from non-annex I Parties. The adoption and use of improved guidelines will greatly facilitate the Secretariat's task in compiling and synthesizing available information.

Based on our reading of the Second Compilation and Synthesis report, it is clear that individually and collectively, Annex I Parties are fully committed to implementing the full range of their commitments. All reporting Parties have communicated national inventory data. With respect to national efforts to address climate change, Parties are taking action to address the full range of commitments - mitigation, adaptation, financial and technological transfer. We are pleased to note the wide and diverse array of activities reported in national communications. Parties have demonstrated both ingenuity and commitment in devising measures to address greenhouse gases from all sources and sectors. This strong, positive involvement bodes well for our long-term efforts.

However, in spite of the good intentions demonstrated in the national communications, we can reach an additional conclusion: the cumulative effect of current measures is not likely to be adequate to meet the aim set out in Article 4.2 of returning emissions to 1990 levels by the year 2000. Further, it is also apparent that current efforts are an inadequate down-payment on the ultimate objective of the convention, that of stabilizing atmospheric concentrations of greenhouse gases. The IPCC emission scenarios show that for all considered stabilization levels, emissions reductions significantly below that of 1990 levels will be required.

As can be seen from the secretariat compilation, the inventory data provided by Annex I Parties for the years between 1991 and 1994 show an unfortunate increase in emissions -- not a decline. The projections of measures indicate that a rise above 1990 levels is expected -- both for the overall trend and for the emissions of many Parties, and that in the post-2000 period, even further increases can be expected. And (while such data is not provided in the compilation and synthesis document -- an omission which we believe should be remedied), external sources suggest a growth rate in emissions even more rapid than that projected in this document.

In spite of the clear efforts being made to reduce emissions in many countries, too often the focus is solely on "no regrets" actions -- and these have proven either elusive or inadequate. We may need to move beyond such limited and so far inadequate efforts to take no regrets actions and take bolder and more ambitious steps to help insure that the climate changes predicted by the IPCC do not materialize.

The synthesis report also highlights the broad and diverse array of actions being taken to mitigate climate change. While this demonstrates the varied options open to us, we

can also conclude from the diversity of actions that the national circumstances in each country are sufficiently different to preclude even the most effective action in one country from being universally replicable.

Mr. Chairman, let me conclude by returning to the purpose of the synthesis document. First, it is designed to help assess the implementation of the Convention. We conclude the implementation of existing commitments is on track -- but the track will lead us to a destination short of our ultimate goal. Second, the report is to help us consider the overall effects and cumulative impacts of measures taken. We conclude that the effects are to reduce emissions below what they otherwise might have been -- but that they are still rising. And third, the report is to help us assess the extent to which progress toward the objective of the convention is being achieved. While we conclude that such progress is slow, we can also take comfort in the fact that we have inaugurated a new process to help us design next steps. We must learn from the mistakes of the past, and insure that the outcome of the Berlin Mandate leads to a more successful future.

Thank You.

Annex 1 Communications

**Methodological Issues**

Ireland, on behalf of the European Community and its Member States, welcomes the Secretariat papers (FCCC/SBSTA/1996/9/Add.1 & Add.2) concerning methodological issues. The EU agrees with the basic assumption underpinning these documents as described in paragraph 6 of FCCC/SBSTA/1996/Add.1. However, the EU wishes to stress that the allocation issues raised in these documents cannot be isolated from the development of related policies and measures to control emissions of greenhouse gases.

In relation to the possible options for action by the SBSTA at this session, the EU believes that the most practical approach, given the technical nature of the subject matter and the limited time for consideration, will be to request Parties to submit comments on this subject and in response to FCCC/SBSTA/1996/9/Add.1 and Add.2. This process would facilitate a more substantive discussion on the methodological issues at a future session of the SBSTA. The EU also suggests that SBSTA 4 should consider the output of the IPCC work on guidelines for national inventories which are scheduled for adoption at IPCC XII with a view to using these revised guidelines in the second round of Annex I national communications.

For the near term, the EU stresses the importance of policies and measures to control international bunker fuel emissions. Therefore, the EU recommends that SBSTA should advise the COP to request the AGBM, as part of its efforts to define a protocol or another legal instrument, to elaborate on policies and measures to control international bunker fuel emissions and to request the ICAO and the IMO to assist in the development and implementation of such policies and measures.

In response to para 57 of FCCC/SBSTA/1996/9 Add.1 and in consideration of 30 bis of the Annex to FCCC/SBSTA/1996/9 with which the EU strongly agrees, the EU recommends that the SBSTA should include the development of common methodologies related to the calculation of national data on an adjusted basis in its future work programme.

SBI Item 3(a)  
Geneva, July 1996

**National Communications from Annex I Parties: Schedule and  
Process for Consideration.**

Ireland on behalf of the EU notes document FCCC/CP/1996/13 (Process for review and schedule for submission of national communications from Parties included in Annex I to the Convention) and in particular paragraph 25.

The EU is concerned that to date, only 6 in-depth review reports and their summaries have been finalised out of 21 in-depth reviews of national communications which have taken place. Although the EU recognises the difficulties faced by the Secretariat in completing the in-depth review reports, the EU does not believe that such difficulties should be addressed by delaying the deadline for the submission of second National Communications from Annex I Parties.

The country visits, associated with the in-depth reviews, have in the opinion of the EU been very helpful in focusing the attention of relevant actors within Parties on the challenges posed by the Convention. The skill and diplomacy with which the country visits were coordinated by the Secretariat and conducted by review teams, including experts from Annex I and non-Annex I Parties and intergovernmental organisations, has assisted the process to date.

The EU believes that the in-depth review process as described in Decision 2/CP.1 can provide a thorough and comprehensive technical assessment of the implementation of the Convention commitments. It can also considerably enrich the understanding of specific national circumstances which underlie differing starting points and approaches to climate change programmes. Accordingly the EU urges that the in-depth reviews for the first set of national communications from Annex I Parties should be completed in 1996 in accordance with paragraph 46, FCCC/SBSTA/1996/8.

If the secretariat does not have the resources necessary to complete this work, the EU urges the Executive Secretary to consider the need to deploy additional resources to this task and to make a proposal for consideration under agenda item SBI 7(b). The EU would welcome any such request from the Executive Secretary.

The EU believes that Annex I Parties should submit their second national communications by 15 April 1997 in accordance with Decision 3/CP.1. The EU recommends that the Secretariat should be requested to complete a first synthesis of second national communications from Annex I Parties before COP3. However, in order to evenly distribute the work load, a period of about two years could be foreseen to complete the second round of in-depth reviews and related reports.

**SBSTA 3**  
**Agenda Item 4(a)(i)**

**Australian Intervention**  
**Annex I National Communications - Revised Guidelines**

General

Australia considers the national communications preparation process to be a key feature of the Convention and critical to its effective implementation. Australia considers that if the process is to realise its potential in support of the Convention, the existing guidelines for preparing national communications need to be improved.

In this regard, Australia considers it important that COP2 should adopt a revised set of guidelines that Annex I Parties can apply for their second national communications due in April 1997. In considering and assessing potential revisions to strengthen the Guidelines, we have been guided by four criteria: comprehensiveness; transparency; consistency; and comparability.

Using these criteria and responding to SBSTA2's invitation, Australia made an intersessional submission to the Secretariat with its views on revisions to the Guidelines (*see pp 31-33, FCCC/SBSTA/1996/MISC.4*).

SBSTA now has before it a very useful Secretariat paper (*FCCC/SBSTA/1996/9*) that includes as an annexe a proposed revised set of guidelines. Australia finds the Secretariat paper very useful and supports the use of the guidelines in this paper as the basis for discussions by SBSTA.

To a very large extent, Australia supports the proposed revisions to the guidelines. In some instances we have quite specific amendments to offer. For reasons of efficiency, we have provided these proposed amendments in Attachment A to this statement.

Performance Indicators

In Australia's submission to the Secretariat on its views on the proposed revisions to the guidelines, Australia noted that it was developing performance indicators and encouraged Parties to progress in SBSTA consideration of how performance indicators could be built into national communications. With recent domestic developments, we are now in a position to progress this matter further.

National performance indicators can provide quantitative information on the effectiveness and performance of general policies or strategies for greenhouse response as well as specific response measures. (In this context, Australia has developed a working set of performance indicators for its National Greenhouse Response Strategy, which are set out for information in Attachment B to this statement.)

As an initial step toward applying performance indicators, Australia proposes that the guidelines for preparation of Annex I countries' national communications be amended to encourage countries undertaking work on performance indicators to report on their experiences.

Building on this approach, Australia proposes that SBSTA should consider development of a set of common performance indicators for application by Annex I Parties.

**Proposed Amendments by Australia to Revised Guidelines for the Preparation of  
National Communications by Annex I Parties  
- comments relate to Annex to FCCC/SBSTA/1996/9**

Cross-cutting issues (para's 4-10)

Except for the specific points below, Australia supports the proposed revisions.

Paragraph 4, 4th line - We propose the deletion of text after "information on sources and sinks" as this exception should not be confined to any single sector or category if it is impossible to separate sources from sinks.

Paragraph 5, 6th line - The amendment to require the reporting of the "total" (ie. direct and indirect) effects of GWPs would be difficult to comply with as the SAR provides total effects for methane only. Australia suggests the addition of the following phrase, "whenever possible" at the start of the sentence, so that the sentence would read: "Whenever possible, any use of GWPs...".

Inventories (para's 11-15)

Except for the specific points below, Australia supports the proposed amendments.

Paragraph 11, line 6 - We suggest the use of the term "indirect greenhouse gases:" instead of "precursor". "Indirect greenhouse gas" is the term used in *Radiative Forcing of Climate Change* (IPCC, 1994). Some of the indirect gases are involved in the breaking down of 'direct' greenhouse gases and this fact is not captured in the description of 'precursor'.

Paragraph 11bis - Given that the guidelines are now intended to be used as generic guidelines and not just for the second national communications (this is implied from the change of title for the Guidelines and para 11 of FCCC/SBSTA/1996/9), the end of the para. should be amended to read: "...where available, for 1995 for the second national communication. Subsequent national communications should provide data up to three years prior to the submission year, and if possible, later years."

Paragraph 12bis - in order to improve its clarity, we propose the addition of the following as an additional sentence at the end of the para.: "This should include attribution to those sectors of the emissions associated with electricity consumed by those sectors." Also, to reflect the Secretariat's proposal to include "institutional" in the table in para. 19 (which we assume refers to Governmental energy use, including educational and correctional facilities etc.), add "(including Institutional)" after "commercial" in the second line.

Paragraph 13, line 7 and para. 15bis - as suggested in the footnote, IPCC worksheets are used only by countries that use the IPCC methodology. Countries like Australia that develop and use their own methodology (which are consistent with the IPCC

methodology) do not necessarily use the IPCC worksheets. Therefore, we suggest amending the sentence of para. 13 to read: "...IPCC worksheet 1.1, or other documentation, indicating ..."; and para. 15bis to read: "presented using the IPCC, or similar, reporting format".

#### Policies and measures (para's 16-23)

Australia supports the proposed amendments.

Note: the current para.23bis in the secretariat's paper needs to be amended to include a column titled "Monitoring: intermediate indicator of progress" to reflect the final column of Table I, Appendix III of the same paper.

#### Projections and assessment of effects of measures (para's 24-31)

With the minor exception below, Australia supports the proposed amendments.

Paragraph 24, lines 5 & 6 - The words "projections" and "scenarios" are being used synonymously. Projections are normally taken to mean forecasts while scenarios are possible alternatives based on different assumptions (eg. "business as usual"). we suggest replacing "scenario/s" with "projection/s" in each case.

#### Finance and technology (para's 33-34)

Australia considers that these revisions will improve the transparency of Parties' efforts in this area of Convention implementation and supports the proposed amendments.

#### Performance Indicators

Parties are requested to provide information relating to application of and experience with indicators for greenhouse performance. Such indicators might address overall national performance and sectoral/sub-sectoral performance.

**Table 1: Primary Performance Indicators for the NGRS agreed by the Australian Intergovernmental Committee for Ecologically Sustainable Development (ICESD)**

Hierarchy	*Primary Indicators
<i>Macro Indicators</i>	<ul style="list-style-type: none"> <li>• Total Emissions (CO<sub>2</sub> Equivalents)</li> <li>• Emissions per Unit of Economic Welfare/Performance (until alternative more useful indicator is developed the interim measure for this indicator is Total Emissions per Unit of GDP)</li> <li>• Emissions per Capita</li> </ul>
<i>Sectoral/Sub-Sectoral Indicators</i>	<ul style="list-style-type: none"> <li>• Total Emissions from each sector</li> <li>• Emissions per Unit of Gross Product</li> </ul>
<i>Energy</i>	<ul style="list-style-type: none"> <li>• Energy Emissions per Capita</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Energy Supply</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions from Energy Delivered by Fuel Type</li> <li>• Emissions from Energy Delivered per Unit of Energy Used</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Household Energy</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions from Household Energy per Capita</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Industrial and Commercial Energy</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions per Unit of Energy Delivered</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Transport</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions per Passenger-km - Total and by Mode</li> <li>• Emissions per freight Tonne-km - Total and by Mode</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Transport and Urban Planning</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions per Km Travelled in Urban Areas by Mode</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Industry Process Emissions</i></li> </ul>	<ul style="list-style-type: none"> <li>• Emissions from the Aluminium Industry</li> </ul>
<i>Agriculture</i>	<ul style="list-style-type: none"> <li>• Sheep Methane Equivalents per Animal</li> <li>• N<sub>2</sub>O Emissions Index</li> </ul>
<i>Natural Environment</i>	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> from Land Use Change</li> </ul>
<i>Waste</i>	<ul style="list-style-type: none"> <li>• Methane Emissions from Landfill per Capita</li> </ul>

\* Performance indicators based on the Report "Performance Indicators for the National Greenhouse Response Strategy" (1995, DEST) and as reflected in the "Adjustments to Primary Indicators - An Addendum" (1996, DEST).

THIRD SESSION OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNICAL  
ADVICE

AGENDA ITEM 5: ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

STATEMENT BY AUSTRALIA

The Australian Government is actively considering developing an AIJ initiative in partnership with the private sector. The initiative would be focused on the Asia-Pacific region. Australia already has a pilot AIJ program in the South Pacific which pre-dates COP1. The proposed new AIJ initiative would be on a much larger scale.

Australia places considerable importance on developing a successful approach to AIJ, and fully recognises that this will depend, to a large extent, on making provision for comparable, comprehensive and transparent reporting on AIJ activity. In line with this thinking, Australia, along with many other countries, welcomed at SBSTA2 both the initiative to adopt an initial reporting framework for AIJ during the pilot phase, and the decision to report to COP2 on possible approaches to improve that framework and address certain methodological issues.

Australia has considered the report of the Secretariat on this matter (FCCC/CP/1996/14 and Add.1), and agrees with the basic conclusion that the analysis and comparison of AIJ projects and programs across countries would be greatly enhanced - and simplified - by adopting a uniform reporting format within the agreed reporting framework. One caveat is that reporting requirements should not be unnecessarily onerous, especially as far as developing countries are concerned. Further, we agree with developing a work plan to address formatting and other issues, specifically the need to:

- settle methodological issues such as approaches to estimating the effectiveness of emission reductions and sequestration projects, approaches to determining baselines, assessing emissions and financial additionality, and determining the cost effectiveness of projects; and
- develop approaches to facilitate AIJ project and program information sharing (for example through an AIJ forum).

**SUBSIDIARY BODY ON IMPLEMENTATION**

**INTERVENTION BY AUSTRALIAN DELEGATION ON AGENDA  
ITEM**

**3(a): COMMUNICATIONS FROM PARTIES INCLUDED IN ANNEX I**

(ii) Schedule for the submission of national communications and process for their consideration

11 July 1996

While the Australian delegation recognises that the review process is complex and time consuming, we consider it worthwhile in ensuring that inventories and national communications meet necessary standards. We are concerned about delays in the in-depth review process through the process of gathering comments on the draft report. Parties should aim to establish a single point of contact within their governments to coordinate responses. By doing this, Australia provided comments within a week.

While we recognise that delays in completion of in-depth reviews are likely to continue to occur, owing to the thoroughness of the process, Australia supports an ongoing in-depth review process along the lines of that agreed in COP1. The rigour of the review process provides confidence that the written communications are accurate and comparable. This facilitates assessment and advancement of convention implementation.

Australia supports the secretariat's continuing to consider incorporating into their in-depth review process, on a case-by-case basis, greenhouse response developments that have taken place subsequent to the submission of national communications.

Australia would support the submission of information to the secretariat, especially inventory related, in electronic form. We would also be interested in accessing the secretariat's electronic database for policies and measures

Australia recognises that, owing to ongoing problems associated with logistical arrangements and availability of appropriate experts, delays in completion of in-depth reviews may occur. However, Australia considers that the scheduling for submission of national communications agreed to at COP1 (Decision 3/CP.1) should be maintained. There are a number of arguments in favour of maintaining the scheduling agreed at COP1:

- maintaining the momentum of convention implementation;
- the desirability of having in-depth reviews of second national communications completed in time to inform COP-3 in late 1997, as well as the second review of convention article 4.2(a) and (b), to provide as complete a picture as possible of the effectiveness of implementation of present commitments - including their projected effect on global emissions; and
- on equity grounds - staggered reporting deadlines would provide some parties an extra year to prepare their second communications (and would appear to 'reward' those parties who were tardy with their first national communications).

While we recognise the value that the in-depth review process adds to the information that is extracted from national communications, Australia considers that the national communications themselves provide sufficient information to provide a significant basis for reviewing progress of convention implementation.

For these reasons Australia's preferred approach is secretariat option 1.

**GLOBAL ENVIRONMENT FACILITY**

**SUMMARY AUSTRALIAN STATEMENT UNDER AGENDA ITEM 4 a i 4 ii (SBI)**

**GEF**

:

: AUSTRALIA WELCOMES THE GEF'S REPORT

:

: WE BELIEVE THAT IT DEMONSTRATES FULFILMENT BY THE GEF OF ITS OBLIGATIONS TO THE FRAMEWORK CONVENTION

:

: NEVER-THE-LESS, WE SUPPORT EFFORTS TO CONTINUE THE STREAMLINING OF GEF PROCEDURES AND ENHANCEMENT OF ITS RESPONSIVENESS TO COP GUIDANCE

: : AUSTRALIA, AS A MEMBER OF THE GEF COUNCIL, WILL BE RE-ASSESSING THE PROGRESS OF GEF IN STREAMLINING ITS PROCEDURES AT THE NEXT GEF COUNCIL MEETING IN OCTOBER

: ON THE ANNEX TO THE MEMO OF UNDERSTANDING, THE AUSTRALIAN DELEGATION FULLY SUPPORTS THE TEXT AS IT STANDS AND WE SEE NO NECESSITY TO RE-NEGOTIATE IT. WE THEREFORE URGE ITS RECOMMENDATION TO, AND ADOPTION BY, THE COP.

SUBSIDIARY BODY ON IMPLEMENTATION

INTERVENTION BY AUSTRALIAN DELEGATION ON AGENDA  
ITEM

3(a): COMMUNICATIONS FROM PARTIES INCLUDED IN ANNEX I

(I) Implementation issues

11 July 1996

Item three on our agenda, dealing with national communications, goes to the core of assessing implementation of the climate change convention by Annex I parties. This item allows the Conference of the Parties to evaluate fulfilment of convention commitments and lay the ground for making sound judgments about how most effectively we might advance achievement of the convention's ultimate objective.

The second compilation and synthesis of first national communications from Annex I parties contains several important insights into issues relevant to the implementation of commitments made by Annex I parties. We need to carefully evaluate these insights and ensure that they fully inform consideration by the COP of further commitments for Annex I parties.

The report's usefulness is unavoidably constrained by the historical nature of the data on which it is based and by the fact that the report has not been able to include data relevant to this item because of the unavailability of some national communications. It is clear that the emissions profiles for a number of parties have changed since the time of their submission of national communications, most of which were submitted in the second half of 1994. It is also regrettable that the report was not able to include performance data from a key proponent of proposals to advance implementation of the convention. The task of making a definitive assessment of the synthesis report is inhibited by these factors.

Notwithstanding those difficulties, there are a number of key issues that are raised in the synthesis report and that directly impact on meeting commitments of Annex I parties. It will be essential for SBI to note these and relay them to the AGBM and the plenary to inform the conclusions and decisions of the Conference of the Parties.

Before addressing the more substantive points relating to implementation of commitments, the Australian delegation should like to make two observations relating to the process of the review of communications. First, we look forward to improvements in the preparation of national communications - and their review - through revised guidelines being considered by SBSTA. These will help ensure greater consistency and comparability of Annex I parties' performance. Secondly, a lesson we should draw from the review process is the degree to which the non-confrontational approach has proven valuable and constructive in assessing overall progress towards implementation of the convention. This is an aspect that we should keep in mind in dealing with communications of non-Annex I parties.

Allow us, Mr Chairman, to draw out some key issues in the synthesis report that the SBI should note.

The synthesis report contains a very clear message of commitment and performance by Annex I parties with regard to the adoption of national policies and taking of corresponding measures on the mitigation of climate change. This illustrates that Annex I parties are responding to their core commitments under the convention.

The degree to which they are likely to meet the aim of returning emissions to 1990 levels by

2000 will be significantly affected by their national circumstances. In capturing the diversity of national circumstances in some detail, the report underlines the extent to which they must be taken into account in assessing performance. Both the convention and the Berlin mandate emphasise the significance of national circumstances. While analysis of these issues is complex, all parties have individual circumstances that bear on their ability to meet the aim of the convention. In this context, Mr Chairman, the Australian delegation registers its concern at some aspects of the report that oversimplify the situation. There are, for example, many more factors that contribute to emission levels *per capita* or *per* unit of GDP than reflected in the report. Important factors include underlying emissions growth trends, production and trade patterns, and the availability of alternative energy sources. It is misleading to avoid these complexities by attempting to group parties according to very general criteria, as is done in section II of the report; and then to infer common circumstances among the parties. This would be misleading in reporting to AGBM and the COP plenary; and restrict their capacity to realistically consider the applicability of common policies and measures.

Another issue that has caused some confusion in drawing conclusions from the report is the manner in which parties have addressed the different main greenhouse gases. Some, for example, have given special emphasis to carbon dioxide - and many exclusively to energy related emissions of CO<sub>2</sub>. Most of the comparative statistics factor out 'land use change and forestry.' In Australia's case this has been identified in our national communication as a substantial source of CO<sub>2</sub> emissions. We would note that the first national communication guidelines, as well as the IPCC inventory guidelines, require reporting on the land use change and forestry sector. Therefore, to ensure consistency with both the convention's comprehensive approach, as well as the reporting guidelines, Australia considers that it would be preferable for related analysis to include land use change and forestry sector figures.

Less attention has been given by many parties to methane and nitrous oxide, despite their high global warming potentials and the consequent significant contribution that they may make to climate change. It is noteworthy in this context, however, that the report draws attention to the 'significant reductions' relating to PFC emissions in the aluminium industry. The comprehensive approach - dealing with all gases and all sectors - is a fundamental tenet of the convention and needs to be the basis of both communications and their reviews and assessments.

The issues we have mentioned carry over into the report's attempts to deal with projections and overall effects of policies and measures. The difficulties in drawing conclusions from this section of the report are compounded by the lack of timely information from some parties.

The Australian delegation notes that the European Community had not submitted its communication until just a few days ago, when, as pointed out in the report, it was due on 21 September 1994. Australia notes that the convention, in specifically recognising the role of regional integration organisations in meeting commitments under the convention, provides an particular status to the European Community as an Annex I party. Australia is concerned about the negative effect that its long delay in meeting its reporting obligations may have on wider convention implementation.

One message that clearly comes from the assessments of projections and overall effects of policies and measures is the difficulties that many Annex I parties are having in meeting the convention aim of returning emissions to 1990 levels by 2000. We suspect that these difficulties will be further borne out from the information in the European Community report. We say 'suspect' because the report does not seem to be readily available to SBI at this stage.

Assuming it reflects information recently released by the European C, it would seem that a number of member states' expectations of meeting the aim will not be met - at least not without unilateral adjustments to their inventory data. In reality, Mr Chairman, notwithstanding the genuine efforts being made by developed country parties to reduce their emissions, it would seem that, on present reckoning, only three have any reasonable degree of certainty of meeting the convention's implied target. Certainly, in the case of two of them, the reasons are substantially unrelated to climate change response measures.

It will be important for AGBM and the COP plenary to take full account of the implications of these implementation issues when considering future commitments for Annex I parties in order to ensure that we pursue outcomes that are realistic and achievable in all countries' circumstances.

**Report by Mr. Dan Reifsnyder,  
Chairman,**

**Informal round table on  
quantified emission limitation and reduction objectives**

1. I am pleased to be able to report on the results of the informal round table on quantified emission limitation and reduction objectives (QELROs). At the third session, the AGBM welcomed the offer by the Chairman to convene the round table, with a view to helping the fourth session achieve a more focussed discussion on QELROs. The round table was held on 12 July 1996, and was attended by a large number of delegates and observers.
2. The round table benefitted from the input of six panelists: Mr. V. Berdin, Russian Federal Service for Hydrometeorology and Environmental Monitoring; Ms. B. de Castro-Muller, Permanent Mission of the Philippines to the United Nations, Geneva; Mr. B. Fisher, Executive Director, Australian Bureau of Agricultural and Resource Economics; Mr. T. Shibata, Permanent Mission of Japan to the United Nations, New York; Ms. C. Quennet-Thielen, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany; and H. E. Mr. T. Slade, Ambassador and Permanent Representative of the Independent State of Western Samoa to the United Nations, New York.
3. The round table was organized around several key questions. Each question was addressed in short presentations from panelists, which were followed by general discussion. The first question asked **what should be the level or levels of emission limitation and reduction?** Panelists agreed on the need for Annex I limitation and reduction efforts, reminding the round table of existing proposals but noting the inherent difficulties. It was, however, highlighted that even the best efforts of Annex I Parties would not lead to a stabilization of global emissions. The discussion acknowledged that the determination of eventual QELROs would, while informed by science and economics, be politically-based.
4. The second question raised was **whether or not eventual quantified objectives should be legally binding or non-legally binding (e.g. "aims")?** A number of panelists argued that legally binding commitments would be more credible, could help build confidence, could send desirable signals to the marketplace, and were required for competitiveness reasons. Binding commitments could coexist with flexibility, as is currently the case with Article 4.6 of the Convention. Other speakers favoured an indicative target, which would be more easily negotiated than legally binding commitments. An indicative target could potentially be combined with a review mechanism or with legally binding policies and measures, though caution was urged that any discussion of whether or not commitments should be legally binding may be premature when the quantified objectives themselves had yet to be determined. The final determination on these matters will need to weigh:

- the advantages of achieving legally binding commitments, versus the relative ease of adopting "aims";

- the level of the eventual target adopted, versus the level of likely participation.

A final determination would also need to consider mechanisms for the monitoring of compliance, and for enforcement.

5. The third question asked **whether commitments should be multi-Party obligations, single Party obligations, or a combination?** There was general agreement among panelists that single party obligations were to be preferred. While a multi-Party approach could be attractive in, for example, setting an overall objective for Annex I Parties, it would ultimately have to be negotiated into single party obligations.

6. Taking 1990 as the base year, panelists were asked to consider **what would be the most appropriate end year(s)?** There was discussion of the need for early action, which could be linked with objectives covering the medium and longer term. Delay, it was pointed out, could exacerbate the effects of climate change, possibly requiring greater abatement efforts, and delay might also send the wrong signals. It was pointed out that the selection of a single base year might overemphasize circumstances particular to that year.

7. The final topic elicited the most diverse views from both panelists and the floor. **Should differentiation among Annex I Parties be pursued within the time-frame of the Berlin Mandate? If so, how could the modalities be developed?** Differentiation, it was pointed out by several panelists, involved the determination of relevant factors, selection of criteria, and the weighting of such criteria. Negotiations on such factors could be difficult within the available time-frame. On the other hand, the round table heard that differentiation had the potential to achieve a more equitable and efficient outcome than a flat rate approach. Some participants urged that we aim beyond the current flat rate approach, even though highly developed differentiation was unlikely to be adopted under the Berlin Mandate.

8. The meeting heard several proposals for differentiation: energy efficiency per unit of GDP; the cost of GDP foregone when undertaking abatement efforts; the marginal costs of abatement; and a flat rate reduction effort combined with full trading among Annex I Parties. It was also suggested that the emphasis should be on a process for differentiation, not on a particular outcome at this stage. Alternatively, the general basis for differentiation could be agreed, and included in a protocol or another legal instrument, with the details negotiated later. Other approaches to differentiation could also be developed, including activities implemented jointly and trading.

9. The round table aired a large number of important issues. Rather than summarizing the discussion further, I would prefer - perhaps somewhat provocatively - to convey my sense of the process now. On the matters under consideration, the Berlin Mandate process has identified the key issues. If we are to reach agreement on these issues by next year, we need by December to table, then negotiate, specific proposals.

10. In concluding, may I draw the AGBM's attention to the questions which I used to structure the round table. While the discussion was valuable in advancing our understanding on these issues, I believe the questions remain salient, and worthy of further consideration by all delegates and observers.

Thank you.

**Report by Mr. Suphavit Piamphongsant  
Chairman**

**Informal Round Table on  
Policies and Measures**

1. I am pleased to report on the results of the informal Round Table on Policies and Measures, which was held on the morning of 12 July. At the opening of the round table, I invited initial comments by the five panelists: Dr. Jonathan Pershing, Science Officer, Office of Global Change, Department of State, USA; Dr. Bert Metz, Deputy Director, Air and Energy Division, Ministry of Housing, Spatial Planning and the Environment, Netherlands; Professor Maciej Sadowski, Head of the Climate Protection Centre, Institute of Environmental Protection, Poland; Mr. Ibrahim Abdelgelil, Chairman, Organization for Energy Conservation and Planning, Egypt; and Mr. Vijai Sharma, Joint Secretary, Ministry of Environment and Forests, India. Following these initial comments, the floor was opened for comments and questions by delegates and NGO representatives.
  
2. There was broad agreement among participants that Parties should have considerable flexibility in deciding which policies and measures to adopt, based on their particular starting points, economic structures and resource bases, and other national circumstances. But although panelists agreed that policies and measures should not be required internationally in cases where national action is possible, they disagreed about whether national action is in all cases adequate or whether some measures need to be mandated internationally.
  
3. Supporters of the former view contended that the protocol or another legal instrument should elaborate a menu of policies and measures, from among which Parties may choose. In support of this approach, it was suggested that no single set of policies and measures is appropriate for all Annex I Parties. A menu approach would allow Parties to meet the goals of the Convention in the manner best suited to their national circumstances. One panelist emphasized that it is most efficient for government to establish general goals and then allow the private sector and the market to decide how best to achieve those goals.

4. Other participants contended that some desirable policies and measures will not be taken by individual countries unilaterally (for example, for competitiveness reasons), and must be agreed on internationally. Therefore, a protocol or another legal instrument should set forth a limited number of required or harmonized policies and measures. One approach would be to include separate annexes setting forth:

- (a) a limited list of required policies and measures;
- (b) a broader list of policies and measures that should be harmonized; and
- (c) a still broader list of policies and measures from among which Parties may choose.

5. Participants generally agreed on a number of criteria for selecting policies and measures, including their potential to limit net GHG emissions, their economic cost, their political feasibility, and the need for common or harmonized action (for example, where competitiveness concerns may inhibit national action). Among the possible priority areas for policies and measures, participants mentioned:

- (1) no regrets strategies;
- (2) renewable energy;
- (3) product standards (for example, for cars and appliances);
- (4) industrial sectors with high energy demand;
- (5) HFCs/PFCs;
- (6) the international air and marine transport sector;
- (7) economic/fiscal instruments (for example, to internalize the external costs of road transport);
- (8) reductions in subsidies (for example, coal); and
- (9) financing mechanisms for economies in transition.

6. While many of these focus on the energy sector, it was noted that the FCCC addresses the climate change in a comprehensive manner, encompassing all sources and sinks of all greenhouse gases; therefore, policies and measures should not focus on a particular sector or greenhouse gas to the exclusion of others. Reservations were also voiced about the desirability and political feasibility of carbon taxes.

7. Among the other points raised during the course of the round table were the following:
- Policies and measures to combat climate change should be elaborated in a spirit of international solidarity and cooperation.
  - In elaborating policies and measures for Annex I Parties, consideration must be given to their impacts on non-Annex I Parties and, in particular, their trade impacts. This will be the subject of a separate round table discussion on 15 July.
  - Developing countries may wish to accede voluntarily to particular policies and measures. In this connection, consideration should be given to questions of finance and technology transfer.
  - The elaboration of policies and measures on the one hand and quantified emission limitation and reduction objectives on the other are closely linked.
  - Particular policies and measures may tend to support or undercut one another. Such linkages and interactions need to be taken into account.
  - If lists of policies and measures are included in the protocol or another legal instrument to be adopted by COP 3, the lists must be easily amendable, in order to take account of new circumstances.
  - The elaboration of policies and measures should be undertaken through a transparent, open process. In this regard, suggestions were made that the work of the Annex I Expert Group should be made available to all participants in the AGBM.

8. In concluding, I would like to emphasize that this report is not a comprehensive summary of every point made during the round table, but instead attempts to give a general flavor for the very rich and constructive discussion that took place.

Thank you.

**Report by Dr. Kilaparti Ramakrishna  
Chairman**

**Informal Round Table on the possible impacts on developing country Parties  
of the new commitments to be negotiated for Annex I Parties**

1. I am pleased to be able to report to you on the results of the informal round table on the possible impacts on developing country Parties of new commitments to be negotiated for Annex I Parties. The round table was convened in response to the level of concern expressed on this topic and the need, identified at AGBM 3, to explore such issues further.
2. The discussion benefitted from the input of seven panelists: Mr. Mohamed Al Sabban, Economic Adviser, Ministry of Petroleum and Mineral Resources, Saudi Arabia; Mr. Evans King, Counsellor, Permanent Mission of the Republic of Trinidad and Tobago to the United Nations, New York; Dr. Antonio G. M. La Vina, Under-Secretary for Legal and Legislative Affairs and Attached Agencies, Department of Environmental and Natural Resources, Philippines; Dr. Luiz Gylvan Miera-Filho, President, Brazilian Space Agency; Dr. Irving Mintzer, Senior Research Scholar, University of Maryland, United States of America; Mr. Terry Thorn, Senior Vice-President, Enron Corporation and Mr. Rene Vossenaar, Chief, Trade and Environment, International Trade Division, United Nations Conference on Trade and Development.
3. You will note from this list that one of the distinguishing features of this round table was participation of representatives from the non-governmental community, including myself. I hope delegates will agree with me that the inclusion of panelists from the non-governmental community helped to enrich and enliven the discussion.
4. The round table was structured around three key questions. To help initiate a lively and constructive discussion, the panelists were first invited to make short statements presenting some ideas on the questions. They were then given the opportunity to respond to each others' comments, before the floor was opened up for discussion.
5. The first question asked "What would be the impact on developing country Parties of possible new commitments for Annex I Parties?". On this issue, I suggested that participants consider both costs and benefits.
6. There was widespread consensus that developing countries *would* be affected by action taken by Annex I Parties in addressing climate change. There was, however, disagreement as to the *extent* of these impacts, and whether they would be positive, negative or both. The need to differentiate between long term and short term impacts was also emphasized.
7. Some participants cited a number of studies pointing to the costs which developing countries might have to bear as a result of action by Annex I Parties to reduce their emissions. These included loss of export revenue, especially for fossil fuel exporters, increased barriers to trade and deterioration in the terms of trade, and the spill-over effects of a possible slow down in global economic activity. In addition, Annex I Parties may also suffer negative effects as a result of shifts in the structure and location of economic activity, which could in turn affect aid flows to and imports from developing countries.
8. In contrast, other participants highlighted the potential benefits for developing countries of action to tackle climate change. Benefits mentioned included technical innovation and its transfer to developing countries, leading to greater efficiency, lower costs and reduced capital requirements. The positive effects of renewed global economic growth based on low-emission activity was also noted. Some speakers also mentioned that there may be additional side benefits to policies addressing global climate change, particularly in terms of positive impacts on local scale environmental problems such as acid rain and air pollution.



COP 2

Boutros Boutros-Ghali

MESSAGE TO THE SECOND SESSION OF THE CONFERENCE OF  
THE PARTIES TO THE UNITED NATIONS  
FRAMEWORK CONVENTION ON CLIMATE CHANGE

Geneva, 8 July 1996

Ladies and gentlemen,

I am pleased to be with you today to present this message from the Secretary-General of the United Nations. The Secretary-General sends his regrets for not being able to join you, and offers his sincere wishes for a successful meeting.

You gather today as Parties to the United Nations Framework Convention on Climate Change. That landmark legal instrument now has 159 ratifications, and the Parties to it are diligently moving forward to strengthen their earlier commitments. Such steps represent significant progress towards global climate security.

Remarkably, it was only six years ago that negotiations began on the Framework Convention. Since then, great strides have been made in understanding the science of climate change and in formulating effective policies to address its risks and consequences. I wish to highlight the special contribution of the Inter-governmental Panel on Climate Change, whose Second Report is the most comprehensive assessment of climate change issued to date.

Climate change is a global problem that cannot be solved without a global effort. While I strongly believe that the industrialized countries must take the lead in stabilizing and reducing their greenhouse gas emissions, developing countries can do much to contribute to this process, particularly through increased energy efficiency. However, the latter can only be achieved if developing countries are given access to substantially increased flows of financial resources, to strengthened scientific, technological, and institutional capacities, and to the best available technologies.

The global response must also be coordinated and integrated. Given the linkages between climate change and such varied issues as

energy, transport, oceans and small-island economies, intergovernmental bodies and United Nations actors must cooperate and collaborate. Moreover, new partnerships and joint ventures should be explored. Business and industry are important sectors, particularly in their ability to mobilize resources for research and development and to promote technology transfer. The insurance industry has joined the Convention process. Environmental organizations and others at the grass-roots level are other crucial stakeholders.

As you know, a special session of the General Assembly will be held next year to review the progress achieved in implementing the commitments made at UNCED and to discuss strategies for the coming years. The Assembly has asked that the Conference provide input for this vitally important event. You might consider making this contribution in four priority areas:

- the need for improved energy efficiency;
- the importance of promoting the use of sustainable and environmentally sound, renewable energy sources;

- the need for increased research by Governments and the private sector into energy and material efficiency and more environmentally sound production technologies; and
- arrangements that might foster links between energy and sustainable development within the United Nations system.

Ladies and gentlemen,

Climate change is a fact. Its consequences threaten us all. In adopting the Framework Convention on Climate Change, the international community displayed extraordinary political will. The challenge now is for the Parties to the Convention to find ways to involve the whole of the international community in its effective implementation.

Thank you.

## CHECK AGAINST DELIVERY

STATEMENT BY MINISTER FOR ENVIRONMENT AND TOURISM, GOVERNMENT OF ZIMBABWE, THE HONOURABLE CHEN CHIMUTENGWENDE (MP), PRESIDENT OF THE COP2, AT THE OPENING OF THE SECOND SESSION OF THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC).  
PALAIS DE NATION, GENEVA, 8 JULY, 1996.

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THE PRESIDENT OF COP1, THE HON MINISTER ANGELA MERKEL,

THE STATE COUNSELLOR OF THE REPUBLIC AND CANTON OF GENEVA, MR. CLAUDE HAEGI

THE HONOURABLE PARTIES AND OBSERVERS TO THE UNFCCC HERE PRESENT,

HEADS OF UNITED NATIONS AGENCIES HERE PRESENT,

THE EXECUTIVE SECRETARY OF THE UNFCCC MR. MICHAEL ZAMMIT CUTAJAR AND STAFF,

REPRESENTATIVES OF NON GOVERNMENTAL AND INTERGOVERNMENTAL ORGANIZATIONS HERE PRESENT,

DISTINGUISHED DELEGATES,

LADIES AND GENTLEMEN,

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1. I BRING YOU WARM GREETINGS FROM THE GOVERNMENT AND PEOPLE OF THE REPUBLIC OF ZIMBABWE.

2. AT THE OUTSET, ALLOW ME, TO WHOLE-HEARTEDLY THANK ALL THE PARTIES THAT SUPPORTED MY CANDIDATURE TO THE PRESIDENCY OF COP2, IN PARTICULAR, THE AFRICAN GROUP. INDEED THIS IS A GREAT HONOUR FOR ME, FOR ZIMBABWE, AND FOR THE CONTINENT OF AFRICA. I TRUST THAT YOU WILL GIVE ME ALL YOUR SUPPORT IN CONDUCTING THE BUSINESS OF THE SECOND SESSION OF THE CONFERENCE OF PARTIES.

3. WITH OVER 155 PARTIES, THE POLITICAL BREADTH OF THE CONVENTION MEMBERSHIP IS APPROACHING THAT OF THE UNITED NATIONS ITSELF. WITHIN MY TERM, I LOOK FORWARD TO UNIVERSAL RATIFICATION - AN INDICATION OF THE POLITICAL WILL.

DISTINGUISHED DELEGATES, LADIES AND GENTLEMEN

4. I NOTE THAT THIS PROCESS HAS BEEN ABLY LED BY A NUMBER OF DISTINGUISHED PERSONALITIES. OF NOTE, I WISH TO CONVEY MY GOVERNMENT'S SINCERE GRATITUDE TO THE FOLLOWING;

MONSIEUR RIPERT OF FRANCE AND AMBASSADOR ESTRADA OF ARGENTINA AS THE TWO CHAIRMEN OF THE INTERGOVERNMENTAL NEGOTIATING COMMITTEE, AND DR. ANGELA MERKEL, GERMAN FEDERAL MINISTER FOR ENVIRONMENT, NATURE CONSERVATION AND NUCLEAR SAFETY AS THE FIRST PRESIDENT OF THE COP; AND TO THE COP BUREAU FOR THEIR SUPPORT TO THIS PROCESS OF NEGOTIATIONS. IN THIS REGARD ZIMBABWE THEREFORE, TAKES PRIDE IN NOTING THE ACTIVE PARTICIPATION OF MADAM KARIMANZIRA, AS A MEMBER OF THE BUREAU AND RAPPORTEUR OF COP1.

ALLOW ME ALSO TO EXPRESS MY SINCERE GRATITUDE TO THE EXECUTIVE SECRETARY, MR. MICHAEL ZAMMIT CUTAJAR AND THE ENTIRE SECRETARIAT STAFF FOR THE EXCELLENT WORKMANSHIP THEY HAVE DISPLAYED IN THE PREPARATIONS FOR THIS SESSION.

I WOULD BE REMISS, LADIES AND GENTLEMEN, IF I DO NOT EXPRESS MY

UTMOST APPRECIATION TO THE GERMAN FEDERAL GOVERNMENT FOR HOSTING THE CONVENTION SECRETARIAT IN BONN.

5. LADIES AND GENTLEMEN, THESE NEGOTIATIONS, HAVE NOT BEEN EASY AND YET THE UNDERSTANDING WE HAVE OF EACH OTHER'S SPECIAL CIRCUMSTANCES AND SENSITIVITIES IS NOW MUCH BETTER THAN AT CHANTILLY DURING INC-1. IN THIS REGARD, THERE IS GENERAL AGREEMENT THAT THIS IS INDEED AN URGENT MATTER WHICH NEEDS THE FULL PARTICIPATION OF ALL PARTIES TAKING INTO ACCOUNT THEIR COMMON BUT DIFFERENTIATED RESPONSIBILITIES.

6. AS SIGNATORIES TO THE EARTH DECLARATION IN RIO IN JUNE, 1992, OUR ULTIMATE GOAL IS THAT OF RETURNING THE GLOBE TO A SUSTAINABLE DEVELOPMENT PATH IN A MANNER WHICH IS BENEFICIAL TO THE CLIMATE SYSTEM. WHILE SIGNIFICANT EFFORTS ARE IN PLACE FOR GLOBAL COMMON ACTION TO RETURN TO THIS SUSTAINABLE PATH, THERE IS INDEED A NEED TO CONSIDER ADDITIONAL, BOLD AND DELIBERATE POLICY ACTIONS TO ACHIEVE THIS.

DISTINGUISHED DELEGATES,

7. ZIMBABWE, HAS ADOPTED A SERIOUS VIEW TOWARDS THE CLIMATE CONVENTION. FOLLOWING RATIFICATION, ZIMBABWE PURSUED SYSTEMATIC SET OF ACTIVITIES SUPPORTIVE OF BOTH OUR PARTICIPATION IN CONVENTION FORA AND OUR RESOLVE TO ADVANCE THE IMPLEMENTATION OF THE CONVENTION. THIS HAS INCLUDED EARLY PREPARATIONS OF NATIONAL

INVENTORIES OF SOURCES AND SINKS OF GREENHOUSE GASES ALONG SIDE RELATED MITIGATION ANALYSIS UNDER THE US COUNTRY STUDIES PROGRAMME.

8. REGARDING ENABLING ACTIVITIES (WHICH ARE PRINCIPAL IN ENHANCING OUR CONTRIBUTION TO THE GOALS OF THE CONVENTION), ZIMBABWE PARTICIPATED IN THE PILOT PHASE OF THE UNDP/UNITAR CLIMATE CHANGE TRAINING PROGRAMME (CC:TRAIN), AND THE UNDP CAPACITY BUILDING PROGRAMME. I AM PLEASED TO NOTE FURTHER THAT ZIMBABWE FULLY PARTICIPATED IN THE IPCC PROCESS INCLUDING HOSTING OF ITS EIGHTH PLENARY IN HARARE. MOST PLEASING, WAS THE INVOLVEMENT OF OUR NATIONAL SCIENTISTS AS LEAD AUTHORS AND REVIEWERS OF THE IPCC FIRST AND SECOND ASSESSMENT REPORTS.

9. IN ALL THESE ACTIVITIES, SUPPORT WAS PROVIDED CONSISTENT WITH THE PROVISIONS OF THE CONVENTION. IN MY CAPACITY AS PRESIDENT, I WISH TO ENCOURAGE SUCH BILATERAL SUPPORT.

FURTHERMORE, ZIMBABWE WILL HOST THE FOLLOWING INTERNATIONAL FORA AND THESE ARE;

- A. THE WORLD SOLAR SUMMIT, IN SEPTEMBER, THIS YEAR (1996)
- B. FIFTEENTH COMMONWEALTH FORESTRY CONFERENCE IN MAY 1997
- C. CITES - COP10 IN JUNE, 1997.

10. OF GREATER NOTE IS PERHAPS THE FACT THAT OUR STATE PRESIDENT, HIS EXCELLENCY PRESIDENT ROBERT MUGABE IS CHAIRMAN OF THE WORLD

SOLAR SUMMIT PROCESS. THIS PROCESS, NEEDLESS TO SAY, HAS VERY CLOSE LINKAGES WITH THE OBJECTIVES OF THE UNFCCC AND IN THIS LIGHT OUR PRESIDENT SENDS HIS BEST WISHES FOR FRUITFUL DELIBERATIONS IN THIS SESSION AND HOPES THAT OUR CONCLUSIONS WILL BE USEFUL INPUT INTO THE WORLD SOLAR SUMMIT PROCESS.

11. IT IS EVIDENT THAT ZIMBABWE MAY NOT BE A NOVICE TO THE DEBATE ON ENVIRONMENTAL ISSUES. WE THEREFORE, COME PREPARED TO MAKE OUR FULL CONTRIBUTION TO THIS PROCESS IN OUR ROLE AS PRESIDENT OF COP2 AND A PARTY TO THE CONVENTION.

12. TURNING TO THE IMPLEMENTATION OF THE CONVENTION, THERE ARE A NUMBER OF OUTSTANDING SUBSTANTIVE ISSUES WHICH REQUIRE OUR FURTHER ATTENTION AND CONSIDERATION. APART FROM THE NEGOTIATIONS FOR A PROTOCOL OR ANOTHER LEGAL INSTRUMENT TO ADDRESS CLIMATE CHANGE, THESE INCLUDE THE ON-GOING REPORTING BY ANNEX 1 PARTIES; PREPARATION OF GUIDELINES FOR SUBMISSION OF INITIAL COMMUNICATIONS BY NON-ANNEX 1 PARTIES; PROVISION OF NEW AND ADDITIONAL FINANCIAL RESOURCES TO MEET THE AGREED FULL INCREMENTAL COSTS INCURRED BY DEVELOPING COUNTRY PARTIES; THE ROLE OF GEF AS THE CONVENTION'S INTERIM FINANCIAL MECHANISM; AND THE ROLE OF ACTIVITIES IMPLEMENTED JOINTLY AND OTHER MECHANISMS.

[IN ADDITION, WE STILL NEED TO REACH A DEFINITIVE DECISION ON THE RULES OF PROCEDURE]

ALL THESE ISSUES WILL RECEIVE MY FULLEST ATTENTION AND THAT OF THE BUREAUX OF COP2 AND SUBSIDIARY BODIES.

LADIES AND GENTLEMEN,

13. IN ORDER TO FURTHER OUR UNDERSTANDING OF THE CLIMATE SYSTEM, THE CONCLUSIONS OF THE IPCC SECOND ASSESSMENT REPORT WILL PROVIDE PARTIES WITH USEFUL INSIGHT INTO THE SCIENCE, IMPACTS AND RESPONSES TO CLIMATE CHANGE. NEW KNOWLEDGE GATHERED FROM OVER 2000 SCIENTISTS AND PEER REVIEWED BY EMINENT SCIENTISTS, GOVERNMENTS AND NON-GOVERNMENTAL ORGANISATIONS WILL PROVIDE USEFUL INPUT TO THE NEGOTIATION UNDER THE BERLIN MANDATE PROCESS AND THE SUCCESSFUL IMPLEMENTATION OF THE CONVENTION.

14. WHEREAS IT MAY BE ARGUED THAT UNCERTAINTIES ARE A FEATURE IN SCIENTIFIC ANALYSIS, OUR ROLE IS TO SIFT THROUGH THE WEALTH OF AVAILABLE SCIENTIFIC INFORMATION TO DEVELOP POLICY OPTIONS THAT ADDRESS CLIMATE CHANGE. IT MAY WELL BE IN OUR COMMON INTEREST TO TAKE THIS OPPORTUNITY TO REQUEST IPCC THROUGH SBSTA, AND FOR THE BENEFIT OF PARTIES, TO IDENTIFY THOSE POLICY OPTIONS WHICH CAN BE DEEMED TO BE GOOD IN THEIR OWN RIGHT, ECONOMICALLY JUSTIFIABLE, SENSITIVE TO EQUITY CONSIDERATIONS AND YET ADDRESSING ENVIRONMENTAL CONCERNS.

15. LADIES AND GENTLEMEN, WE, HAVE THE CAPACITY TO INFLUENCE AND GUIDE THE DEVELOPMENT OF SOUND POLITICAL DECISIONS ON POLICIES

TAKEN AT NATIONAL, REGIONAL AND INTERNATIONAL LEVELS TAKING COGNISANCE OF THE BASIC SOCIAL NEEDS OF OUR LOT.

IN THIS REGARD, IT IS MY HOPE THAT THE IPCC WILL DEVELOP REGIONAL CLIMATE SCENARIOS WHICH WILL ASSIST US IN THIS ENDEAVOUR.

16. IN ADDITION, WE SHOULD BE CONSCIOUS OF THE VALUABLE INPUTS FROM WMO, UNEP, UNDP, UNESCO, ICAO, IEA, ICSU AND MANY OTHER AGENCIES, INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANISATIONS.

17. FURTHERMORE, THE ROLE OF THE BUSINESS SECTOR PARTICULARLY AS THEY ARE CUSTODIANS OF TECHNOLOGY AND KNOW-HOW NEEDS OUR SERIOUS ATTENTION. REGULAR CONSULTATIONS WITH THIS CONSTITUENCY, WHICH IN ITSELF HAS AN OBLIGATION TO MEET, MUST BE ENCOURAGED AND MAINTAINED. INITIATIVES BY THIS SECTOR TO DEVELOP AND DELIVER ENVIRONMENTALLY SOUND AND AFFORDABLE TECHNOLOGIES, AND TO ENSURE THEIR FULL GLOBAL DIFFUSION ARE IMPERATIVE. EFFORTS BY MY PREDECESSOR IN THIS DIRECTION ARE INDEED COMMENDABLE.

DISTINGUISHED DELEGATES, LADIES AND GENTLEMEN,

18. SINCE THE TURN OF THE CENTURY, COUNTRIES IN NORTH HAVE BEEN ABLE TO EXPLOIT THEIR TECHNOLOGICAL SUPREMACY TO ESTABLISH AN UNEQUAL GLOBAL EXCHANGE SYSTEM AT THE EXPENSE OF THE SOUTH. THIS

SITUATION QUITE UNFORTUNATELY CONTINUES TO HAUNT AND DISTRACT US FROM THE FOCUS OF PROTECTING THE ENVIRONMENT, THUS REITERATING THE IMPORTANT ISSUE OF EQUITY CONSIDERATIONS.

19. ON THE OTHER HAND, THE SOUTH IS CHARACTERISED BY LIMITED FINANCIAL & TECHNOLOGICAL RESOURCES, AND LIMITED HUMAN AND INSTITUTIONAL CAPACITIES. MANY COUNTRIES, NOTABLY IN AFRICA, REMAIN DEPENDENT ON AGRO-BASED INDUSTRY WHICH IS CLIMATE SENSITIVE; FACED WITH HARSH ECONOMIC CONDITIONS AND BEARING A HUGE EXTERNAL DEBT BURDEN. NATURALLY, THEIR PRIORITY IS PLACED ON SUCH URGENT MATTERS AS POVERTY ALLEVIATION; IMPROVEMENT OF BASIC SOCIAL SERVICES (SUCH AS HEALTH, EDUCATION, HOUSING, TRANSPORT AND ISSUES LIKE JOB CREATION THROUGH INDUSTRIAL EXPANSION). THEY THEREFORE REMAIN THE MOST VULNERABLE TO THE IMPACTS OF POSSIBLE CLIMATE CHANGE AND VARIABILITY.

20. IN ADDITION FOR LOW LYING COUNTRIES AND ISLANDS IN THE SOUTH (AOSIS), THE COST FOR ADAPTATION MEASURES IS BEYOND THEIR NATIONAL CAPACITIES.

21. IN ORDER TO REDRESS THESE GLOBAL IMBALANCES, WE SHOULD STRIVE TO BUILD A GLOBAL VILLAGE, WHICH AVOIDS DUPLICATION OF EFFORTS; AVOIDS PUTTING UNNECESSARY BURDENS ON OTHER PARTIES PARTICULARLY THOSE WHOSE ECONOMIES ARE WEAK.

LADIES AND GENTLEMEN,

22. DECISION 1 OF COP1 PROVIDES US WITH AN OPPORTUNITY TO FOCUS ON SOME SUBSTANTIVE MATTERS TO START PREPARING FOR THE IMPLEMENTATION OF THE UNFCCC. THIS PROCESS UNDER THE AGBM WILL REQUIRE THE FULL SUPPORT AND CO-OPERATION OF ALL PARTIES, IN PARTICULAR THOSE IN ANNEX 2. CONSISTENT WITH THE PROVISIONS OF THE CONVENTION.

I ALSO BELIEVE THAT COP1 NOTED THE CONCERNS OF THE AOSIS COUNTRIES BY ALLOWING THEIR DRAFT TEXT FOR A PROTOCOL TO BE INCLUDED AS ONE OF THE INPUTS INTO THE BERLIN MANDATE PROCESS. TO THIS END, I WISH TO URGE AGBM TO FOCUS ON A DRAFT TEXT FOR CONSIDERATION DURING THE INTERSESSION PERIOD.

23. DISTINGUISHED DELEGATES, THE WEALTH OF INFORMATION AT HAND, IN MY HUMBLE VIEW, MAY WELL BE SUFFICIENT TO START NEGOTIATIONS FOR A PROTOCOL IN EARNEST.

24. FURTHERMORE, FUTURE NEGOTIATIONS MUST THEREFORE TRY AS FAR AS POSSIBLE NOT TO TELL THE WORLD ABOUT WHAT NEEDS TO BE DONE BUT MOST IMPORTANTLY HOW TO DO IT. IN THIS REGARD, THE ROLE OF THE GLOBAL ENVIRONMENT FACILITY (GEF) AS THE INTERIM FINANCIAL MECHANISM GUIDED BY THE COP CANNOT BE OVEREMPHASISED.

LADIES AND GENTLEMEN,

25. AS WE ARE ALSO AWARE, THIS SECOND SESSION OF THE CONFERENCE OF THE PARTIES WILL HOLD ITS MINISTERIAL SEGMENT ON THE 17TH AND 18TH OF JULY. FROM THE FOREGOING, WE CAN ALL APPRECIATE THE IMMENSE AND CHALLENGING WORKLOAD AHEAD OF US DURING THESE TWO WEEKS. IT IS FOR THAT REASON THAT I AM INVITING HEADS OF DELEGATIONS TO AN INFORMAL ROUND TABLE ON THE AFTERNOON OF THE 17TH OF JULY. THE ROUND TABLE WILL GIVE MINISTERS AN OPPORTUNITY FOR INFORMAL INTERACTION ON POLITICAL ISSUES ARISING FROM THE AGENDA OF THE CONFERENCE. THE ROUND TABLE WILL NOT ADOPT ANY FORMAL CONCLUSIONS. IT IS THEREFORE MY PLEASURE TO INVITE MADAM RUTH DREIFUSS, SWISS FEDERAL COUNCILLOR AND MINISTER OF THE ENVIRONMENT TO CHAIR THE ROUND TABLE AND TO SHARE HER PERSONAL IMPRESSIONS OF THE MAIN TRENDS OF THE DISCUSSION WITH THE PLENARY SESSION ON THE MORNING OF THE 18TH OF JULY.

26. WITH THESE FEW REMARKS, I WISH ONCE AGAIN TO EXPRESS MY SINCERE GRATITUDE TO ALL THE GOVERNMENTS THAT SUPPORTED MY CANDIDATURE TO THE PRESIDENCY OF COP2. I HUMBLY ACCEPT THIS HONOUR ON BEHALF OF THE GOVERNMENT OF ZIMBABWE AND FURTHER TRUST THAT YOU WILL GIVE ME ALL YOUR SUPPORT TO COMMENCE OUR WORK WITH A CLEAR VIEW TOWARDS PAVING THE WAY FOR TANGIBLE RESULTS BY COP3. FOR THOSE OF US WHO PARTICIPATED IN THE SECOND WORLD CLIMATE CONFERENCE IN 1990, YOU MAY RECALL THAT IT WAS IN THIS VERY ROOM, THAT MINISTERS GATHERED TO GIVE THE INITIAL POLITICAL PUSH FOR THE NEGOTIATIONS OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE.

DISTINGUISHED DELEGATES, LADIES AND GENTLEMEN,

IT IS NOW OUR TURN TO PROVIDE FURTHER IMPETUS TO THE  
IMPLEMENTATION OF THE CONVENTION AND TO STRENGTHEN OUR EFFORTS  
IN COMBATTING CLIMATE CHANGE.

I THANK YOU.

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Conference of the Parties  
Second session  
8 - 19 July 1996

CHECK AGAINST DELIVERY

8 July 1996

Statement by the Executive Secretary  
Mr. Michael Zammit Cutajar

Mr. President, honoured guests, distinguished delegates,

I would like to welcome you all most cordially to the second session of the Conference of the Parties.

My warm congratulations go to you, Mr. President, for your election to guide the work of this Conference and, in that capacity, to take the lead - with your colleagues in the Bureau - in monitoring and coordinating the Convention process until your successor is elected at COP 3.

I extend deep gratitude to the outgoing President, Dr. Angela Merkel, for her commitment to advancing the Convention process, at Berlin and after, and for the work of her Ministry in supporting the transition of the Convention secretariat to its new home in Bonn. I hope that we can continue to count on her active participation in the work of the Convention.

I also thank Under-Secretary-General Nitin Desai and Conseiller d'Etat Claude Haegi, for helping to set the scene at the opening of this Conference with their encouraging words from the Secretary-General of the United Nations and the Geneva authorities.

Finally, I would like to give a special welcome to my distinguished guests, the heads and chairpersons of partner organizations, with whom the secretariat of the Convention is fortunate to cooperate and upon whose inputs the Convention relies for its successful implementation. Their presence here is a symbol of their commitment and their support for the secretariat and I appreciate it very much.

\* \* \* \* \*

After the fanfares of Berlin, which launched the Convention into a new phase of its life, the agenda for this Geneva Conference shows that the Convention process is reaching cruising speed. This is a Conference for taking stock, for reviewing the implementation of the Convention, for taking decisions necessary to keep the machinery turning productively, and for giving political impetus, from the ministerial level, to the work of negotiators and participants in the subsidiary bodies.

Ministers will, no doubt, exchange views on the broad political conclusions to be drawn from the Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC), which provides, in the words of the Convention "the best

COP 2 and that their preparation is expedited and adequately supported. This information will give depth and detail to the needs of those Parties and enable the future guidance of the COP to be even better attuned to those needs.

*to the GEF*

Finally, in this overview of the Convention as it now stands, let me recall two provisions that are often overlooked: Article 5, on "research and systematic observation", and Article 6, on "education, training and public awareness". The former of these has recently been addressed by SBSTA. It is important that Parties take seriously the need to maintain the scientific underpinnings of the Convention, inter alia through the WMO and the various programmes and networks that it coordinates. On the other hand, there has yet to be any significant focus on Article 6, despite the fact that, without public awareness and public support, the aims of the Convention cannot be achieved. Material on climate change is not lacking; one has only to observe the richness of the IPCC SAR. What is needed is to convert that information into forms that can be absorbed by a wide variety of users and audiences. In the same way as WMO is the champion for Article 5, could UNEP become the standard bearer of Article 6? It would be most welcome if UNEP could take the lead in mobilizing a partnership for the implementation of that Article. COP 3, which will be highly visible to public opinion, could be a platform for this initiative.

The key concepts underlying these remarks are "implementation" and "credibility". Commitments, once adopted, must be seen to be implemented if they are to be credible. Credible commitments provide a sound foundation on which to develop and strengthen the Convention. Thus the focus on the present, that I have been illustrating, is not a distraction from the strategic vision to be addressed by Ministers but rather a support for it. My operational conclusion is that the COP needs to give greater attention to the substantive intergovernmental review of the implementation of commitments, present and future, and to use for this purpose its Subsidiary Body for Implementation (SBI). The SBI should assume its political role to the full, while the SBSTA concentrates on developing its scientific and technical expertise. The agendas for the two weeks ahead provide an opportunity to make a start.

\* \* \* \* \*

At the start of my remarks, I alluded to the secretariat's imminent move to Bonn, which will become, as of next year, the normal venue for meetings of Convention bodies. While I still have an audience in Geneva, I would like to thank the authorities of the Swiss Confederation and of the Republic and Canton of Geneva for all that they have done and continue to do to give us a supportive working environment in this city. We are deeply grateful to them and will always remember their generosity and their kindness. I hope that the COP will also find a way to express its appreciation.

In concluding, let me assure you of the commitment of the secretariat to support your work and wish you every success in the two weeks ahead.



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



REPORT TO THE SECOND SESSION  
OF THE  
CONFERENCE OF THE PARTIES  
TO THE  
UN FRAMEWORK CONVENTION ON CLIMATE CHANGE

Geneva, 8 July 1996

**Bert Bolin**  
Chairman  
Intergovernmental Panel on Climate Change

The 1995 projection of the global mean surface temperature in the year 2100 is indeed less than that given in the 1990 and 1992 assessments [cf. §21(d) §23(b) of the report of the second session of SBSTA]. It is essential in this context to note three additional remarks by the IPCC which §21(d) and §23(b) do not adequately bring forward.

- (1) The reduction of the projected temperature increase is primarily due to the inclusion of the effects of aerosols (particularly sulphur aerosols) in climate models. While the cooling effect of anthropogenic aerosols had been pointed out in the earlier IPCC reports, it had not been quantified sufficiently well until now. In the policy-making context, it is important to bear in mind that the magnitude of future likely emissions of sulphur dioxide is less certain and to note that, because they also cause acidification of fresh waters and soils, further future reductions in these emissions might be called for. In simple terms, the issue is to what extent are countries, particularly those that are now rapidly increasing their industrial activities, going to impose restrictions on sulphur emissions in the future in order to prevent regional damage due to acidification, which restrictions will simultaneously reduce concentrations of aerosols that hide the greenhouse gas warming?
- (2) If reductions of fossil fuel use were accomplished over the next decades in order to stabilize carbon dioxide concentrations, the action would decrease the emissions of sulphur substantially. The effects of the "enhanced" greenhouse gas concentrations would then become more observable, because of the comparatively rapid disappearance of sulphate aerosols, since most of them are emitted when oil and coal is burned.
- (3) The inertia of the climate system implies that in the present situation with increasing greenhouse gas concentrations, only 50-90% of the forcing due to enhanced concentrations of greenhouse gases will at any time be realized in terms of a change of climate. If a stabilization of their concentrations were accomplished, the full warming effect would gradually appear [cf. §21(g)] and be considerably higher than the numbers given by the IPCC and quoted in §23 (d). This consideration is important for policy formulation.

It is correct that "there are inadequate data to determine whether consistent global changes in climate variability or weather extremes have occurred during the 20th century" cf. §23 (d)]. Natural variations caused by varying weather patterns still hide possible changes of the frequency of extreme events. It is, however, important to consider in this context the IPCC conclusions about possible future changes as dealt with in §2.10 and 2.11 of the IPCC Second Assessment Synthesis of Scientific-Technical Information Relevant to Interpreting Article 2 of the UN FCCC (hereinafter referred to as the Synthesis Report). Model experiments show:

- \* greater surface warming over land than over the sea in winter;
- \* a maximum warming in high northern latitudes in winter;
- \* little surface warming over the Arctic in summer;
- \* prospects for more severe droughts and or floods in some places and less severe droughts and or floods in other places;
- \* increase in precipitation intensity, suggesting the possibility of more extreme rainfall events;
- \* increased precipitation and soil moisture in high latitudes in winter.

Although it is important to note the IPCC statement that "...on the whole, global agricultural production could be maintained relative to baseline production in the face of climate change projected under doubled equivalent carbon dioxide equilibrium" [§21(h) and §23(l)], two other

Mr. Chairman,  
Distinguished Delegates,  
Ladies and Gentlemen.

It is a pleasure to be with you again.

I welcome this opportunity to clarify some of the IPCC conclusions, which had been considered in some detail by your Subsidiary Body for Scientific and Technological Advice (SBSTA) earlier this year at *their* second session. I hope this would be helpful in your ongoing negotiations on protocols or other legal instruments. I will also touch briefly upon how the world community has received the IPCC Second Assessment Report (SAR), describe the present status of the Technical Papers that the IPCC has agreed to prepare for SBSTA and the Ad Hoc Group on the Berlin Mandate (AGBM) and summarize other IPCC activities of possible relevance to your deliberations.

#### **The SBSTA consideration of the IPCC conclusions**

As you may know, the SBSTA undertook a preliminary consideration of the IPCC Second Assessment Report (SAR) at its last session. As Chairman of the IPCC, I am not going to comment on the choice of issues as presented in §21 and §23 of the report from that session. I cannot, however, overstress the importance of reflecting appropriately the care that the IPCC has exercised in presenting the current state of knowledge about the climate change issue, in the conclusions adopted by the SBSTA in its advice to AGBM and the Parties. I have also noted the conclusions in §26 concerning the issue of stabilization and wish to repeat some remarks that I made at the second session of SBSTA. References mentioned below are to the report of that session.

- The complete paragraph of the relevant Summary for Policy Makers (SPM) on the attribution of observed climate change during the last half century, to which the sentences in §21(c) and §23(a) refer, reads: "Our ability to quantify the human influence on global climate is currently limited because the expected signal is still emerging from the noise of natural variability, and because there are uncertainties in key factors. These include the magnitude and patterns of long term natural variability and the time-evolving pattern of forcing by, and response to, changes in concentrations of greenhouse gases and aerosols, and land surface changes. Nevertheless, the balance of evidence suggests that there is a discernible human influence on global climate."

At the fifth session of Working Group I of the IPCC (Madrid, 27-29 November 1995), two of the lead authors of the chapter were present and gave exhaustive presentations to the Working Group of the draft chapter circulated for peer and government reviews in October 1995, including the comments received thereon from governments, organizations and individual experts. The section quoted above was agreed upon after an extensive discussion and very careful consideration by the governments, obviously because the statement points out for the first time the human influence on climate. I urge you to read the full SPM, as well as the full Chapter 8 of the report of Working Group I, despite the latter's bulk. I think that you will agree with me that the statement is a carefully prepared and well balanced wording of the result of the assessment.

in this process and the preparation of Technical Papers is a concerted step in that direction (see the programme of work of the SBSTA: FCCC/SBSTA/1996/10). The Technical Paper on Regional Impacts of Climate Change is particularly relevant in this context (see below).

Negotiations about further measures to be taken in order to slow down -- and eventually stop the ongoing increase of greenhouse gases in the atmosphere -- is high on your agenda. The SBSTA is also considering the creation of Technical Advisory Panels to assist in analysing the complex issues that arise in this context.

I wish to emphasize that Working Groups II and III of the IPCC have addressed these issues in considerable detail. The report of Working Group II contains analyses of mitigation options in the energy supply sector, the industrial sector, the transport sector, human settlements, the agricultural sector, forestry, as well as in the case of other human activities (Chapters 19-25, 27 and 28, altogether about 250 pages). Similarly, Working Group III has assessed cost options, how to estimate costs, the social and economic dimensions of adaptation and mitigation, policy instruments in general, as well as issues concerning decision-making (Chapters 2, 7, 8, 9 and 11, altogether about 200 pages)

I urge you to penetrate this material in order to appreciate fully the IPCC work, but I also understand the difficulties of evaluating it in the context of the specific issues that arise in the course of the negotiations. The IPCC Technical Paper on Policies and Measures will be based on the material in the IPCC Reports that I just have referred to above (see below).

### **IPCC Technical Papers**

The IPCC agreed at its eleventh session (Rome, 11-15 December 1995) to produce a set of Technical Papers to assist the Convention in its work. They would be based on the material presented in the Second Assessment Report. It was left for the IPCC Bureau to decide on the topics to be chosen after further consultations with SBSTA. The IPCC Bureau agreed at its tenth session (Geneva, 28-29 March 1996) that the following topics would be dealt with in six Technical Papers in response to the SBSTA request:

- Papers to be considered for acceptance by the IPCC Bureau at its eleventh session (Geneva, 7-8 November 1996) and accordingly available for the AGBM at its session in December 1996:
  1. Modelling of Stabilization Scenarios consistent with Article 2 of the UNFCCC. The intention is to present a richer set of scenarios, including all major greenhouse gases and aerosols, that can be used for consideration of a range of alternative stabilization scenarios. To the extent that the appropriate chapters of the SAR have analysed the economic implications of choosing one or the other of possible stabilization scenarios, some specific comments on such implications will be included;
  2. Environmental implications of Emissions Limitations. Different proposals regarding limitations of greenhouse gas emissions by Parties to the Convention as well as the role of other emissions relevant to the climate change issue will be analyzed;
  3. Policies and Measures. I have already commented on the importance of this analysis. The IPCC has noted that a similar analysis is being pursued by the OECD.

Scoping meetings for these Technical Papers have been held, lead author teams have been formed and drafts for circulation and review by experts in respective fields have been or are being produced. The review process will proceed during the months of August and September.

conclusions drawn by the IPCC should be noted at that same time. In the Synthesis Report (§3.13) from where the quotation stems, the two opening sentences read: "Crop yields and changes in productivity due to climate change will vary considerably across regions and among localities, thus changing the patterns of production. Productivity is projected to increase in some areas and decrease in others, especially in the tropics and subtropics."

- The SBSTA decided to include in its future work programme the key questions deriving from Article 2 of the Convention, namely, the level of atmospheric greenhouse gases concentrations that would prevent dangerous anthropogenic interference with the climate system and the paths to stabilization at that level, taking into account the common but differentiated responsibilities of Parties [§26]. One of the IPCC Technical Papers (see further below) will deal with these issues in some detail.

I wish to recall my remarks made to the SBSTA at its second session. Developing countries today on the average emit about 0.5 tonnes (of carbon) per capita, while emissions by developed countries on the average are five to six times larger. Considering simultaneously the different stabilization scenarios that the IPCC has presented and the projections of the increase of world population during the next century (UN central scenario) one finds that globally averaged emissions of carbon dioxide during next century must not increase much above the present level of about 1.3 tonnes of carbon per capita (including net emissions due to changing land use and deforestation), if stabilization of the carbon dioxide concentration is to be achieved at 550 ppmv or lower. The aim by developing countries to develop sustainably, then, will require more efficient use of energy by all countries and the development of non-carbon emitting energy supply systems to be used in all countries, both to occur the sooner a lower stabilization level is deemed necessary.

### **Impacts, adaptation and mitigation**

The uncertainties in the projection of regional changes of climate obviously represent a major difficulty for any country to judge the threat that a climate change may pose to itself and thus its position in international negotiations on policies and measures. Nevertheless the report of Working Group II of the SAR contains a wealth of information regarding the sensitivity and vulnerability of ecosystems and socio-economic systems to potential climate change. Some considerations were given to such matters in the SBSTA analysis of the SAR, but a few additional comments may be justified:

- Human-induced regional and global changes of climate add important new stresses on ecological and socio-economic systems that are already affected by pollution, increasing resource extraction and non-sustainable practices;
- Most systems are sensitive both to the magnitude and the rate of climate change;
- Human health will be adversely affected through an increase of heat-related mortality and the potential for the spread of vector-borne diseases such as malaria, dengue fever and encephalitis as well as of, for example, cholera and salmonellosis;
- Water resources will be increasingly stressed in some regions of the world, leading to substantial economic, social and environmental costs, especially in regions that are already water-limited;
- Human habitat loss will occur in regions where small islands and coastal plain and river areas are particularly vulnerable to sea level rise and where resources are not available to cope with impacts.

This list could be made much longer. I encourage you to read the report of Working Group II, particularly the summaries for the different chapters, to extract what you find most relevant in the particular circumstances of your own region and other parts of the world. The IPCC is willing to assist

I (sixth session, Mexico City, 10 September 1996) and the IPCC (twelfth session, Mexico City, 11-13 September 1996). Draft revisions particularly concern the reporting of

- (1) industrial emissions;
- (2) emissions from forests, forest soils and forest products, the ultimate fate of which may be important to consider;
- (3) methane emissions from rice fields.

It should be recognized that the Guidelines are of a technical nature, but that political issues arise in their application. One such issue is how to allocate emissions of greenhouse gases that arise in the production and decay of goods that are traded internationally. This is a political issue, that should be dealt with by the Convention. Simplicity could be one of the principles to be used in this context.

The draft revisions to the Guidelines will be considered for recommendation for use by developed and developing nations and simplified but comparable versions will be available for the proposed methodology. As Chairman of the IPCC, I wish to stress that whatever methodology is used in the derivation of data for national communications, it is most essential to explain how the numbers provided are arrived at. I am happy to report to you that many developing countries have used the IPCC Guidelines and have produced excellent national emissions inventories.

A Meeting of Experts on emissions of methane from rice fields was held in early May at the kind invitation of the Government of Thailand with the aim of bringing together available knowledge in the field. This was in response to the wish of some developing countries who have gathered some valuable new data. As a result of this meeting, the current default values are being revised.

I would like to stress at this point that the IPCC will not pursue revisions of the Guidelines for their own sake but only when requested by Governments or warranted by new information or observational data. I am fully aware that frequent revisions would make the application of the Guidelines meaningless, making it difficult to track the time history of the inventories.

Perhaps the question most often asked by the public as well as policymakers is: What might the spatial distribution of global climate change be? Scientists have so far not been able to answer this question very well due to the insufficient reliability of available results from global climate models. The IPCC is taking steps to see how more firm conclusions may be drawn in the future. A workshop on the subject with scientists and other experts from all three of the IPCC Working Groups is planned for 24-26 September 1996 in London. The objectives are:

- (1) to agree on a set of socio-economic scenarios to be used as a basis for future work;
- (2) to agree on procedures to facilitate the comparison of results from experiments with different global climate models;
- (3) to evaluate methods for impact assessments.

I hope that the preparation of the planned IPCC Third Assessment Report (TAR) towards the end of this century will be facilitated in this way and that the next complete IPCC assessment will serve the public and the policymakers better than has been possible so far.

Thank you for your attention.

**STATEMENT  
AT THE  
SECOND SESSION OF THE CONFERENCE OF THE  
PARTIES OF THE UN FRAMEWORK CONVENTION  
ON CLIMATE CHANGE**

by

**Professor G.O.P. Obasi  
Secretary-General**

of the

**WORLD METEOROLOGICAL ORGANIZATION  
(Geneva, Switzerland)**



(Geneva, Switzerland, 8 July 1996)

SECOND SESSION OF THE CONFERENCE OF THE PARTIES  
OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE

by

Professor G.O.P. Obasi  
Secretary-General  
World Meteorological Organization

(Geneva, 8 July, 1996)

Mr Chimutengwende, President of the Conference of the Parties,

Mr Zammit Cutajar, Executive Secretary of the Convention,

Your Excellencies,

Distinguished delegates,

Ladies and gentlemen,

It is indeed an honour and a privilege for me to address you today on the occasion of the second session of the Conference of the Parties of the UN Framework Convention on Climate Change (UNFCCC). On behalf of the World Meteorological Organization (WMO) and on my own, I would like to express my sincere thanks to the Executive Secretary of the Convention, for his kind invitation and for the opportunity to address this august gathering. Mr President, allow me to extend my most sincere congratulations to you on your election and to wish you success in your very important task of guiding this Conference. Let me also convey, on behalf of WMO and on my own, the warmest regards to the past President of the Conference, Her Excellency, Mrs Angela Merkel of Germany, who so skilfully brought to success the first session of the Conference of the Parties and provided outstanding leadership during the intersessional period.

Slightly more than a year has passed since the historic first session of the Conference of the Parties, that was so well hosted by Germany in Berlin. Now, as the Parties meet again on the premises of the United Nations, the Conference will have to address a number of challenges with a heightened sense of urgency, in view of the recent up-to-date scientific findings.

Indeed, a most significant development took place during the intersessional period since Berlin, which should set the course of the FCCC itself and indeed the work of this Conference of the Parties. The WMO/UNEP Intergovernmental Panel on Climate Change (IPCC), in its Second Assessment Report (SAR) completed in December 1995, came to the conclusion that there is now "a discernible human influence on global climate". This essentially means that the issue is now clear, the time for debate is over and the onus is on us to take decisive action fairly quickly! We now have the evidence which makes the Framework Convention on Climate Change an absolute necessity. Negotiations will therefore have to proceed with this firmly in mind.

Mr President,

In the face of this new finding, the question is, what needs to be done?

*First*, there is a pressing need for this Conference to complete negotiations on the stabilization of carbon dioxide emissions at a level that will reverse the present trend within a reasonably specified time-frame. I believe that progress is being made in the implementation of some aspects of the Convention, as there are early indications that a number of countries are beginning to take measures to reduce or stabilize their emissions of greenhouse gases. However, there are clearly many critically important objectives still to be achieved. There is an urgent need to reach a consensus and to formulate concrete measures to ensure the completion, before the third session of the Conference of the Parties in 1997, of negotiations on stronger commitments from developed countries on the stabilization of the carbon dioxide emissions. While some progress has been achieved, within the context of the Ad Hoc Group on the Berlin Mandate (AGBM), some concern remains on whether the pace of negotiations is fast enough, and the commitment strong enough, to achieve the required levels of reduction. I hope that the review of Communications by Parties in agenda item 6 will remove this concern. At the same time, it is important that the methodology for the calculation of sources and sinks of greenhouse gases be more transparent, and that it should receive universal acceptance.

*Secondly*, I consider it very important that the Subsidiary Bodies to the Convention and the established Ad Hoc Groups should continue to provide a solid scientific and technical basis for deliberations by the Parties. In particular, they should continue to take appropriate actions to ensure that the Convention process would rely upon most up-to-date scientific knowledge and assessment, such as the IPCC Second Assessment Report. In this regard, and on request of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the AGBM, the ongoing programme of the IPCC includes the completion, during the period November 1996 to February 1997, of six Technical Papers which will clarify and/or elaborate the material in the Second Assessment Report. It is expected that further technical reports from the IPCC would be required on a long-term basis. I would like to assure the Conference that WMO will continue to strengthen its support for the IPCC. WMO will also make available, through its scientific and technical programmes, annual statements on *the State of the Global Climate*, which include greenhouse gas levels and trends and shows extreme weather events around the globe. In light of the IPCC findings, it may be appropriate to note that the latest statement for 1995 showed that recent years have been among the warmest since 1860, and 1995 was in fact the warmest year on record.

*Thirdly*, there is a continuing need to ensure the reinforcement of national capabilities to provide high quality and continuous series of data from all parts of the world, which enabled the IPCC to make the inference that there is now "a discernible human influence on global climate." The need for such data for determining the state of the global climate system and for climate research is enshrined in Article 5 of the UNFCCC. It is now more than ever essential for the Parties to realize that progress in the implementation of the Convention will require the enhancement of national efforts to improve observational networks and to support climate research. I therefore appeal to all Governments, as signatories to the Convention, to recognize the urgency of the situation, and thus to increase their support for climate monitoring, research, impact studies and climate services, as indicated in Article 4, paragraph 1 (g) and Article 5 of the Convention.

In this respect, it is considered important that the expertise of related national institutions, in particular those of the national Meteorological and Hydrological Services (NMHSs), should be tapped in support of national delegations' efforts in the preparation for the sessions of the Conference of the Parties and its subsidiary bodies. In this connection, WMO will continue to collaborate with NMHSs in its support of the Conference of the Parties, and in providing to the Convention process all information relevant to the implementation of Article 5 of the Convention, in Research and Systematic Observations.

At the same time, WMO is prepared to consider any request to co-ordinate the necessary international long-term monitoring and climate research programmes, and other related activities, to support the implementation of Article 5 of the Convention.

*Fourthly*, there is the continuing need for special consideration of assistance to developing nations and those with economies in transition to enable them to limit their future emissions, through the development and transfer of technology, as well as through the provision of adequate financial support as mentioned in Article 4.1 <sup>o</sup> and 4.5. In this connection, I am pleased to note that this session will be considering guidance to the Global Environment Facility (GEF), as well as the Memorandum of Understanding between the Conference of the Parties and the Council of the GEF, on the future status of the financial mechanism for the Conference. I would like to stress, however, that it is the political will of Governments to ensure a stable funding for the Conference that is of crucial importance - without which any carefully worded document will remain only statements of intent.

Mr President, Excellencies, Ladies and Gentlemen,

The Twelfth World Meteorological Organization Congress, which met before the report of the IPCC was released, had expressed its full support to the urgent implementation of the UNFCCC and decided to continue the provision of scientific and technical support to the Convention's Secretariat. Furthermore, at the most recent session of the United Nations Commission on Sustainable Development (CSD), I raised the need to fund *the Climate Agenda*, which is an inter-agency initiative to establish an integrated framework for international climate-related scientific and technical programmes. The Climate Agenda, undertaken by WMO, UNESCO and its IOC, FAO, ICSU and UNEP has as one of its aims, the provision of a co-ordinated input for the development of national sustainable development plans, which is an issue of importance to the FCCC. I therefore believe that the establishment or strengthening of National Climate Committees, as well as national and regional Action Plans for Climate Change, should be encouraged by this Conference.

Let me conclude, Mr President, by re-emphasizing the fact that this Conference must approach its various tasks on the basis of the findings of the IPCC Second Assessment Report. It should further fully support the enhancement of efforts to monitor the state of the global climate. Now is therefore the time to take urgent measures which would lead to the implementation of a UN Convention on Climate Change, based on proven scientific knowledge and adequate financial support. This support is absolutely necessary, without which it would be impossible to achieve the ultimate objective of the Convention, as stated in Article 2, and to prevent dangerous and probably irreversible anthropogenic interference with the climate system.

Allow me to reaffirm the strong commitment of the World Meteorological Organization to fully support the Convention and its implementation process. I am optimistic that the very promising preparatory work of the Conference of the Parties and its subsidiary bodies will contribute in no small measure to the success of the Conference.

I wish you all success in your work, in which WMO will assist to the maximum possible extent.

Thank you.

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UNEP

Remarks

by

Ms. Elizabeth Dowdeswell

Executive Director

United Nations Environment Programme

at the

The Second session of the Conference of the Parties of the United Nations

Framework Convention on Climate Change

*Geneva, Switzerland, 8-19 July, 1996*

Recently, the IPCC concluded that "the balance of evidence suggests a discernable human influence on global climate". Their report also emphasized the uncertainties surrounding the science supporting this conclusion. We should feel proud of the IPCC. It has been forthright and clear in its message to us. It has not prevaricated nor hidden its message in ambiguities and compromise. We have witnessed a triumph of scientific analysis that confirms the anxieties expressed at Villach in 1980 and in 1985 in the making of the first international assessments of the role of radiative gases in the atmosphere.

If we have pride in scientific endeavour we must also recognise the implications of our new understanding. Previously our pollution has been dispersed unwittingly; now, as a consequence of the IPCC we have the knowledge that all further anthropogenic emissions of radiatively-active gases will be deliberate acts of pollution which we are ethically bound to control within limits that will not allow dangerous interference with the climate system. Eventually the IPCC will be able to define those limits, until then, a precautionary approach must be embraced.

There are those, few in number, who still deny the possibility of climate change, and there are those who advocate a wait and see policy citing the many acknowledged uncertainties related to the nature of climate change and of the range and location of possible impacts. But surely we have not forgotten one of the firmly held convictions about which there was consensus at UNCED - lack of full scientific certainty should not be used as a reason for postponing precautionary measures.

In a time-span of little more than decades, people have altered the atmosphere that supports all life on this planet. If there are many uncertainties surrounding the science of climate change there are none relating to the changing atmosphere. The quantity of trace gases that controls the exchange of radiation between the earth and surrounding space will be greater tomorrow than today, as yesterday the mix differed from the day before. The change will continue inexorably until we choose to control our emissions to the atmosphere of greenhouse gases, in addition to controls already in place on ozone layer depleting substances and acidifying particulates.

We have already agreed to stabilize atmospheric concentrations of trace gases at levels that will prevent serious interference with the climate system. We have enshrined it in the Convention we have adopted and it is the underlying reason we are meeting in Geneva today. We have acknowledged that the climate is at risk and that we are the cause. We even know some of the solutions. Have we the will to implement them?

It is time to set meaningful targets for emission reduction and a vigorous timetable for its achievement and I trust this Conference will not shirk this responsibility. We should not be satisfied with less than the achievement of a reduced rate of carbon accumulation in the atmosphere brought about by an initial cap on developed country emissions at no greater than 1990 levels. We must also seek at the earliest possible time, a global emission cap and a possible date for its realization. For this we will need the voluntary participation of developing countries in emission reduction measures. To accomplish this, they must be given prompt and unfettered access to international financial mechanisms and appropriate technology free of political conditionality, involving new and additional resources to those presently available for development aid. This is the first barrier that must be dismantled for movement forward in implementing this Convention. They must also be given a clear example to follow by the industrialized countries who must agree to reduce their carbon emissions post 2000 to the very limit of their capacity to do so.

A second barrier to concerted action is access to reliable information by decision makers in business and governments. The IPCC assessments are not easy to digest by non-scientists and Media reports are selective and not always appropriate. UNEP, through our Information Unit on Climate Change, is committed to working with the IPCC and your secretariat to initiate a targeted information programme that will inform rather than confuse those anxious for reliable, accessible information on all relevant topics essential for making policy choices. Enhanced public awareness will surely influence and strengthen the resolve of our decision makers.

There are also opportunities on the horizon. First, there are significant benefits to be found in integrated and sustainable resource management. Energy conservation and efficiency improvements are available to achieve cleaner and higher quality energy services while mitigating

adverse environmental impacts. High priority must be given to the introduction of renewable energy sources and the exchange of experience in their development and application.

Second: although steps have already been taken to coordinate scientific research, observations and monitoring, more must be done to ensure rationality in atmospheric protection measures and actions that protect the environment. Actions taken to combat a particular environmental threat should not exacerbate another because of a failure to assess the full implications of the measures chosen before their application.

There should be no need to create new institutional mechanisms for this purpose but we will have to strengthen coordination and dialogue among existing structures, not only at the international level but at national and regional levels also. In this respect, in response to the 2nd meeting of the COP of the Convention on Biological Diversity (CBD), UNEP will be convening an open-ended Intergovernmental Workshop on Cooperation between CBD and other International Conventions on related issues. In a related activity, UNEP will also develop a policy paper on interlinkages that involve action to protect climate, the ozone layer and biodiversity. This is a beginning of evolving an integrating mechanism at the international level.

We have an obligation to demonstrate our commitment to climate protection without delay. That people are deeply concerned is self-evident. A third opportunity we must not ignore is to engage the private sector and civil society. If we needed a barometer of that concern, then the presence of the Insurance Industry and representatives of a variety of business interests at our deliberations is a graphic indication of how seriously climate change is viewed. It may not have been climate change that recently induced a seemingly unprecedented number of tropical storms making expensive landfall, but rather, a perverse result of natural climate variability. Nevertheless, we may not be far from climate-change induced disaster for which we are not prepared, most definitely warranting the Insurance Industry's concern.

It is my observation that there are many in business and industry, particularly those involved in the use and supply of energy, who are aware of the dangers and probability of climate change. Their constructive participation in the climate debate is most welcome. The

opportunities for anticipatory and mitigative action will be greatest for those best prepared and able to exploit their traditionally innovative capacity, not only for the profit of their own industry, but also through technology development and sharing for the benefit of us all.

Continuing attention must be given to the transport section. There are further opportunities for energy efficiency improvements, alternative and non-polluting fuel exploitation and traffic regulation. At COP 1, I spoke of the effective way municipal governments had begun to address local pollution and transport problems that would be beneficial not only to the community but also advantageous to meeting national and regional emission standards. Grassroot enthusiasm for environmental action has not waned in the intervening year and local leaders, particularly the mayors of major cities, can demonstrate success stories that more must emulate and we must encourage.

A fourth opportunity lies in the analyses of market and non-market instruments to determine how they can be used to promote efficient energy end-use. Taxes and tax exemptions, subsidies, fees, tradeable permits and legal and institutional regulations are measures to be explored and where found worthy, applied. We need internationally agreed targets and timetables implemented by national policies and measures.

This meeting will consider the first results of the many Activities-Implemented-Jointly (AIJ) programmes that are underway as part of the pilot phase. It is my conviction that Activities Implemented Jointly (AIJ) can contribute significantly to greenhouse gas emission reduction and carbon reservoir enhancement. I am well aware of the suspicions with which some countries view this process and their concerns over the potential acquisition of emission credits by donors as a reward for AIJ project initiation in less developed countries. AIJ should not necessarily imply the imposition of emission limits nor the imposition of mandatory commitments in developing countries, nor that there will be excess carbon capacity for sale, contrary to existing Convention Articles. The historical responsibility for greenhouse gas accumulation in the atmosphere is clearly acknowledged but common sense tells us that atmospheric carbon removal at a rate sufficient to prevent climate change and the accompanying adverse impacts, will not be achieved without developing country cooperation in emission control.

Further dialogue is essential. In October of this year, UNEP in collaboration with the Earth Council and the Government of Costa Rica will provide a non-confrontational setting for a discussion. Success in AIJ projects will be described as will difficulties be explored. Opportunities will be identified and constraints discussed. The meeting will not seek conclusions nor will it make recommendations. These are the prerogative of the Parties to the Convention. UNEP seeks only a forum for dialogue to be approached with open minds.

The countdown to climate change is well underway. We have put ourselves in harm's way. We will need a collectively agreed and applied rescue operation. UNEP is a willing and committed partner. UNEP through direct injection of staff into the UNFCCC Secretariat and through targeted programmes both in countries and at the international level has the capacity to serve as an honest broker in the debate. In the end however, the choice of what we do is yours to make. The implications of that choice will be for all of us to bear.

**GLOBAL  
ENVIRONMENT  
FACILITY**

STATEMENT TO THE SECOND SESSION  
OF THE CONFERENCE OF THE PARTIES  
TO THE UNITED NATIONS  
FRAMEWORK CONVENTION ON CLIMATE CHANGE

by

Mohamed T. El-Ashry  
Chief Executive Officer and Chairman  
Global Environment Facility

Geneva, Switzerland

July 8, 1996

Chairperson, Members of the Bureau, Mr. Executive Secretary, Distinguished Delegates,  
Ladies and Gentlemen:

It is a pleasure for me to appear before you today representing the Global Environment Facility. At your first meeting fifteen months ago, you decided that the GEF should continue, on an interim basis, to be the international entity entrusted with the operation of your Convention's financial mechanism. Our Council welcomed your decision since one of the principal purposes behind the GEF is to provide financial resources to recipient countries to assist in their efforts to implement the Convention and address climate change.

Like you and your secretariat, we have worked hard, in the period since your last meeting, to implement your decisions and, in particular, to respond to your guidance to the GEF on policies, program priorities and eligibility criteria. We have reported fully on our efforts in the documentation before you. This documentation includes the most recent *GEF Annual Report*, which includes a chapter on our activities in the climate change focal area, the April 1996 *Quarterly Operational Report* which has a full accounting of project activity, and an up-to-date report prepared especially for this meeting. We have also made available other background information on the GEF and its policies and practices.

Since the last COP, the GEF has continued to evolve and its portfolio of projects has increased. The reports before you provide detailed information on the policies approved by the Council and the projects under implementation, but allow me to give some of the highlights:

1. **GEF membership** has grown dramatically. As of June 1996, there are 156 country Participants in the GEF as compared to 27 at the beginning of the Pilot Phase.

2. For the period of February 1995 to April 1996, the GEF Council has approved GEF funding for climate change activities amounting to US\$215.2 million, for a total allocation from GEF resources of US\$462.43 million (total including Pilot Phase). With this financing we have leveraged an additional US\$2.6 billion of financing from bilateral, multilateral and other sources for total project financing of US\$3.2 billion in the climate change area. For the current fiscal year that began on July 1, the three Implementing Agencies (UNDP, UNEP, and the World Bank) are planning to prepare GEF projects in the Climate Change focal area requiring between US\$150 to 185 million of GEF financing.

3. The strategic framework for GEF operations -- the GEF Operational Strategy -- was adopted in October 1995 by the GEF Council. Copies of the strategy have been made available at this meeting. As you will see, the Climate Change chapter of the strategy was developed taking fully into account the guidance received from this body at its first meeting. According to the operational principles of the strategy, the GEF is to ensure the cost-effectiveness of its activities, and it is to fund projects and programs that are country-driven and based on national priorities designed to support sustainable development. The strategy makes clear that *the GEF is not to finance activities in the area of climate change that do not fully conform to your guidance.*

In this context, the operational strategy provides for three categories of operational activities: (i) enabling activities; (ii) operational programs encompassing long-term measures; and (iii) short-term response measures. Land degradation, primarily desertification and deforestation, as it relates to climate change issues has also been addressed in this chapter.

Enabling activities, as defined in your guidance, are comprised of such activities as planning and endogenous capacity-building, including institutional strengthening, training, research and education that will facilitate implementation of effective response measures in accordance with the Convention. Within the work programs approved by the

Council since February 1995, 60 percent of the projects are for enabling activities in 55 countries. One of the projects finalized by the GEF is CC:TRAIN, which is implemented by UNITAR through UNDP, and which provides for capacity building of national and regional institutions, as well as training, to assist in the development of national strategies to implement the Convention. Twenty countries will be "enabled" through the two phases of this project.

The GEF Council fully supports the high priority that this body placed on enabling activities. At its most recent meeting, the Council approved an initial allocation of US\$30 million for enabling activities, together with expedited procedures for approving project proposals. The Council also requested us to coordinate an outreach process to inform recipient countries of the availability of financial resources for enabling activities. Pursuant to this request, the GEF has written to all its Participants informing them of the availability of financial assistance for purposes of enabling activities, including the preparation of national communications. A copy of this letter is being distributed to delegations at this meeting. For those Parties that are not Participants in the GEF, we will be providing you with the original letter for further distribution in your capitals.

As requested in our report, we would welcome action by you during this meeting to call upon all Parties interested in receiving assistance for enabling activities to respond to this outreach effort as early as possible.

With regard to long-term programs, the *GEF Operational Strategy* calls for initial emphasis to be given to clustering of activities in three operational programs concerned with: energy conservation and efficiency, renewable energy, and reducing the long-term costs of low greenhouse gas-emitting energy technologies. These program areas were identified on the basis of the guidance that you approved at your first meeting. In our report to you, we have described how that guidance has been implemented through the projects included in the GEF work program, and the annex to our report illustrates the

connections between project activities and the categories of activities called for in the operational strategy.

4. The GEF has collaborated with the Convention Secretariat in the preparation of a draft memorandum of understanding between the COP and the GEF Council. After review of the proposed MOU by the SBI, a draft annex on determination of funding necessary and available for implementation of the Convention was also prepared. The MOU, including the annex, has been approved by the GEF Council, and it is before this meeting for COP approval.

5. The Council at its last meeting approved a GEF policy on public involvement in GEF-financed projects.

I truly believe the work undertaken by the GEF in the climate change area illustrates significant progress in responding to the guidance of the COP and towards the successful implementation of the Convention. An important factor in promoting this progress, one worthy of special mention, has been the strong and collegial relations that the GEF Secretariat shares with the Convention secretariat. I would like to take this opportunity to recognize the important professional and competent contribution of the Secretariat and the leadership of its Executive Secretary to the work of the GEF. Mr. Michael Zammit Cutajar and his staff have contributed a great deal to the climate change work of the GEF, especially to the development of the operational strategy and project activities, and I am confident that this collaboration will continue to strengthen as we move forward. This cooperative relationship is certain to facilitate greatly our mutual efforts to achieve our common goals in the future.

Looking to the future, I want to draw your attention to the fact that 1997 will be a very important year for the GEF. In 1997, the first GEF Assembly, a universal gathering of all participating countries, will be held to review its operations and policies.

1997 is also the year in which we will begin negotiations on the next replenishment of the GEF. In this period of fiscal restraint and ever-increasing budgetary pressures, and for the replenishment of the GEF to be successful, it is important that the international community give a consistent and strong message confirming its commitment to the partnerships forged at Rio and to the high priority assigned by all countries to protecting the global environment.

An important signal for this purpose would be to confirm the partnership between the Climate Change Convention and the GEF. To date, this partnership has remained somewhat tentative. A decision designating the GEF as the entity entrusted to operate the financial mechanism of the Convention would provide a powerful - and unambiguous - message.

With the consolidation of the GEF institutional structure and its policy framework, including the adoption of the GEF Operational Strategy in October 1995, the restructured GEF is now fully operational. These developments, together with the proposed Memorandum of Understanding that is before you for consideration, demonstrates that the GEF fully complies with the provisions of Article 11 of the Convention, and as such, it is well-suited to be designated as the entity entrusted to operate the financial mechanism. On behalf of the GEF Council, I would like to invite this meeting to review the decision that you took at your first meeting and to consider taking steps necessary to make a determination of the definitive status of the financial mechanism at the earliest possible opportunity.

As we move towards replenishing GEF resources, I believe every effort must be made to strengthen the hand of those who will be seeking to mobilize new resources. I ask for your continued support in the period leading to, as well as during, the replenishment discussions. There is a huge demand and urgent need for a wide range of environmentally beneficial activities. There is equally a need for imaginative match-making between the demands of the developing world for assistance and for environment

friendly technologies and available sources of finance. Let me assure you that the GEF intends to play its part in being an active broker in such match-making in the interest of the Climate Change Convention.

Protecting against climate change enhances global environmental security. The Earth Summit and Agenda 21 identified sustainable development as the path towards that goal. It is also our common and collective goal -- initiated with your guidance and implemented through our actions. We have only recently begun that common endeavor. We have a long and a hard way to go. Together, and only together, we can reach our common goal.

I wish you every success in your work in the next two weeks.

Thank you.

**Speech to the Second Conference of Parties  
United Nations Framework Convention on Climate Change**

**Mr. Anders Wijkman**

**Deputy Administrator  
Bureau for Programme and Policy Support  
United Nations Development Programme**

**8 July, 1996**

Mr. President, Mr. Executive Secretary, Honorable Delegates, and Ladies and Gentlemen. It gives me great pleasure to address you today on behalf of UNDP and our Administrator, Mr. J. Gustave Speth.

**I. Introduction**

For UNDP, climate change represents a serious threat to the continued habitation of the earth. Your concerted work here is essential if humanity is going to be successful in averting the scenario of accelerated global warming.

**II. The Year Since CoP I**

According to the IPCC report, the most promising approaches to mitigating climate change lie in increasing both energy efficiency and the use of renewable energy. Recent developments have brought large and small-scale options in wind energy, modernized biomass, and solar electricity to a state where they are either economically competitive already, or are expected to become so within the near term. Energy efficiency is already the cheapest electricity supply source throughout the world. Renewable energy technologies would be even more competitive today if the social costs of production and consumption were included in the prices of conventional energy resources.

The IPCC report presents several low CO<sub>2</sub> emitting energy supply systems that could reduce 1990 carbon emissions by 2/3 at the end of the next century.

**III. Renewed Commitments and Revised Priorities**

IPCC's Second Assessment Report is extremely useful in demonstrating a way forward-- global warming has solutions. Governments can begin to take actions-- both individually and collectively-- that are required to bring about an

environmentally friendly global energy system. And yet, when we look at the actions being taken around the world, we find that they fall short of achieving the necessary preconditions for a sustainable future. What appears to be lacking is political will, financial resources, and the necessary capacity.

As a first step, governments need to create a level playing field between all energy supplies and between supply and demand. And yet, we find that renewable energy supplies are largely unsubsidized while conventional resources receive subsidies totaling more than US\$100 billion per year.

A second condition for a sustainable energy future is to begin enforcing the "polluter pays" principle. The environmental externalities associated with the continued use of fossil fuels are most often not accounted for in their price, again leading to an effective subsidy.

If the market economy is going to become an instrument for sustainability, one absolute pre-condition is that prices reflect the true costs of energy production and consumption.

A third condition for a sustainable energy future is for R&D in the energy field to focus on new approaches to energy efficiency and the accelerated development of renewable energy supplies. Less than ten percent of all R&D in the energy sector from around the world is now in support of energy efficiency and renewables, an appallingly low figure.

Under the Convention, the onus to take action lies particularly with the OECD countries. It is they who have used up the assimilative capacity of the planet for greenhouse gases. The OECD countries have both the financial and technological resources to respond to this awesome challenge. And yet, their leadership to date has been found wanting.

I would urge all nations of the world to recommit themselves to the objectives of this Convention. For the countries in Annex I, the responsibility is clear. The burden of leadership is yours. Well we might ask, "If the OECD countries do so little, why should the rest of the world bother doing anything at all?":

#### **IV. UNDP's Commitments**

All Parties to the Convention are obliged to cooperate toward achieving the goal of GHG stabilization. UNDP's mission is to work with the countries not listed in Annex I in conforming to the requirements of the FCCC and in pursuing their own national development priorities. UNDP believes that its role is to help countries formulate sustainable energy policies, to build capacity, to help countries identify "win-win" projects for funding, and to work closely with

countries to meet their communications obligations under the FCCC. We plan to expand our programmes related to climate change.

UNDP has a long history of supporting countries' national development plans. From 1990 to 1994, UNDP supported more than 260 energy sector projects valued at over US\$250 million. Over the past year, UNDP has announced its Sustainable Energy Initiative which focuses on helping countries to increase the efficiency of energy production and use and to expand the use of renewable sources of energy. At present, UNDP is working with its more than 130 programme countries to try to incorporate these principles into the Sixth Programming Cycle.

In view of next year's follow-up conference to Rio—and being aware of the serious threats to the atmosphere as well as the environment because of conventional energy policies—it is our aim to promote partnership with multilateral as well as bilateral agencies—and indeed with governments, the scientific community and private sector—to advance efforts aiming at efficiency and renewable energy strategies. In our opinion, there is an urgent need for a Global Energy Partnership, focusing on efficiency and renewables. We will do what we can to promote such a concept in the coming months.

As an Implementing Agency of the GEF, UNDP is working closely with the interim financial mechanism to provide technical assistance and capacity building. In general, we are proud of our involvement and achievements so far within GEF. However, just as the UN system is being criticized for cumbersome procedures, we believe improvements in the way GEF functions could be made. All of us actively involved in the GEF—the Council, the Secretariat, UNDP, UNEP, and the World Bank—have to continue to do what we can to strengthen GEF and support it to become a more flexible, responsive and catalytic effort. At UNDP, we are currently attempting to simplify our own project approval process. We believe the same would be possible within GEF. This being said, considerable progress has been made. During the past year, GEF has defined its initial Operational Strategy to include two programmes which focus on removing barriers to “win-win” projects in energy efficiency and renewable energy. Our portfolio under the GEF is growing in these areas, and we stand firmly committed to the principle that all projects must be truly “country-driven”.

UNDP has become the primary provider of enabling activity support to non-Annex I Parties under the UN-FCCC. In this role, we have hosted two of the first three meetings of the CC:FORUM. We hope that during the course of this meeting, the guidelines for communications from non-Annex I countries can be finalized so that those Parties with early deadlines can begin to work in earnest to meet them.

At present, UNDP has a portfolio of enabling activities which covers over 50 countries and accounts for nearly US\$40 million of GEF resources. In examining these activities over the past several months, we have become concerned with both the timeliness and the effectiveness of these activities. We have taken steps to accelerate the approval process for climate change enabling activities within both the UNDP and the GEF project cycles.

With respect to the effectiveness of UNDP's enabling activities, I am pleased to announce the development of a new programme to ensure timely and effective technical assistance and training for all non-Annex I countries preparing their first communications with the CoP. This Climate Change Support Programme has been designed in close collaboration with the Climate Change Secretariat to ensure that all countries receive enabling activity support in a timely and effective manner. This support must take into account country-specific needs and still avail itself of regional cooperation and shared approaches. We welcome the opportunity to discuss our proposed support programme with you over the coming weeks.

As an agency committed to improving the lot of the poor in developing countries, climate change presents us with important challenges and requires a significant commitment of our time and resources. UNDP has taken stock of its role and is increasing its commitment and activities in the climate change arena.

#### V. Need for Momentum

On behalf of the United Nations Development Programme (UNDP) and its 138 country offices around the world, I would like to wish you well in the challenging task which faces you the secretariat as well as all delegates over the coming days.



**REMARKS BY ROBERT PRIDDLE, EXECUTIVE DIRECTOR**

**INTERNATIONAL ENERGY AGENCY**

**PARIS, FRANCE**

**AT THE SECOND SESSION OF THE CONFERENCE OF THE PARTIES  
TO THE U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE**

**(COP-2)**

**8TH JULY 1996**

**GENEVA, SWITZERLAND**

I appear before you today on behalf of the International Energy Agency, a partner organisation in the Framework Convention process. I do so to address the energy dimension of the climate change issue. That dimension is large. Energy is a major part of the climate change problem. It must be a major part of the solution. The choices made here will have profound implications for energy policy and energy markets. That is why the International Energy Agency is deeply involved.

IEA Members share a commitment to sustainable economic development, global energy security and sound environmental protection. Energy markets are increasingly inter-dependent on a global scale. Global co-operation on energy matters increasingly involves co-operation on global environmental issues, especially greenhouse gas emissions and climate change.

### The Berlin Mandate Momentum

The energy and industry ministers of the International Energy Agency have met twice since the Berlin Mandate was adopted, calling on Annex I Parties to the Framework Convention to elaborate policies and measures and to set quantified emission limitation and reduction objectives within specified timeframes such as 2005, 2010 and 2020, with a view to adopting a protocol or other legal instrument at COP-3 in November 1997. The challenge of fulfilling that Mandate has been a principal focus of their discussions; indeed, on one occasion, the sole focus. Their concern has been to identify effective action.

In that spirit, the IEA has already contributed several inputs to the COP process. These include the "Technology Scoping Study" which summarised the principal avenues available for technology responses to climate change, and a survey of "Voluntary Actions to Mitigate Energy-Related Greenhouse Gas Emissions", which provided details of over 250 programmes in this area.

It should be no surprise to this audience - but I trust, a cause for satisfaction - that at their meeting just three weeks ago devoted exclusively to energy and climate issues in the context of the Berlin Mandate, IEA ministers reaffirmed their political commitment to the goals of this Convention and to the aim expressed in the Berlin Mandate. All IEA countries accept the climate change problem as a major determinant of energy policy, and our ministers intend to be fully involved in responding to it.

We all know, when we face up to the realities, that Annex I countries will likely fall short collectively of the Rio aim of stabilising greenhouse gas emissions at 1990 levels by the year 2000. IEA ministers are looking beyond that, so that we stand a better chance of getting the next round of commitments right. That is to make positive use of the experience we have had since Rio.

There is more realism now, both about the threat and about the opportunities for action. There is more awareness of the practical potential for action and more realism about the costs. What can be achieved by energy efficiency and other "no regrets" policies in the near-term is better understood. This last point appears, to us in the IEA, to be crucial. There was wisdom in the Berlin decision to analyse and assess policies and measures as a precursor to setting the framework for future objectives. Commitments to concrete actions, within the right timescale, are the practical way ahead. Getting the timescale, the policies and the measures right at the beginning in fact widens the scope for effective action.

## Key Underlying Factors in the Energy Sector

There are key underlying factors in the energy sector which govern the scope for action on greenhouse gas emissions. Understanding them is the key to selecting programmes which are politically realistic and will achieve results, not just express good intentions.

First, substantial differences exist among Annex I countries in those features of the energy scene which determine the level and pattern of energy-related greenhouse gas emissions: the structure and pattern of energy demand; the fuel mix; the technology mix; the age and turnover rate of capital stock; import and export balances.

Second, the available response options are equally diverse. The prime determinant is the existing infrastructure for delivering services, such as transportation and mobility, or various electricity end-uses.

Third, in all IEA countries, sharp reductions in energy use have been experienced, but only in periods of large increases in end-use prices, accompanied by economic disruption. To impose deliberately such abrupt price changes is not a serious option when electors want to take prudent precautionary steps, but not at drastic cost to their lifestyle.

Energy demand in all countries is characterized by a high level of rigidity in the short term. Cost-effective energy efficiency options are available, but their diffusion is constrained by the lifetime of existing physical capital stocks, the rate of capital stock turnover and the pace of technological change. Account must also be taken of the weight individual decision makers attach to future uncertainties.

[The first requirement for well-founded new commitments is, accordingly, a deep understanding of both the opportunities and the rigidities that exist in different countries and in different sectors. Without such sectoral disaggregation, assumed response options may well prove not to be robust. Such a sector-level understanding is essential to arrive at viable proposals for response options or emissions objectives. Recognising these realities is a first major step forward.]

Final energy use is, in fact, largely driven by current infrastructures (buildings, road networks, energy grids). Those infrastructures embody the technology choices and the patterns of energy use of an immense web of economic agents. For the most part, such choices did not systematically take into account their energy implications, still less their environmental implications. But, they will shape our way of life and patterns of energy use for decades.

Long lead times are involved: three or more years to design and build a new car and twelve years on average for its lifetime; six to ten years to build a new coal-fired power plant and forty to fifty years on average for its lifetime. The lead times for introducing new technologies, like many renewables or new industrial processes, can be even longer.

not read by Pidd

Facing up to such inertia is not an argument for delaying action. On the contrary, it underlines the need to ensure that today's choices are informed by full awareness of the implications for energy use and resulting emissions. The long timescale for infrastructural change needs to be matched by long-scale commitments to change and long-scale policy instruments (including energy technology R&D).

### Messages from the IEA's Latest *World Energy Outlook*

One of the roles the IEA has taken upon itself is to bring out, objectively, the realities of the energy sector. Our *World Energy Outlook* projections reflect these structural rigidities by illustrating how energy use will grow in the absence of effective policies to alter established patterns. CO<sub>2</sub> emissions from energy in OECD countries could rise between 20 and 30 percent above 1990 levels in 2010; those from countries outside the Annex I group could rise between 90 and 150 percent.

In fact, whatever assumptions we made about economic growth, energy prices and energy efficiency, emissions projections in our *Outlook* rose substantially.

This is a sombre message. In the simplest terms, it confirms that the world's economy is highly geared to the use of fossil fuels. The emissions outlook is bleakest when economic growth is most robust. However, the work underlying the IEA model does suggest that there is room for policies that could result in faster than expected efficiency improvements, which would reduce emissions.

Let us consider the difference between the two principal cases in our *Outlook*. In one, no new policies are imposed and such a high demand for fossil fuels results that production capacity is constrained and prices rise. In the "Energy Savings" case, policies adequate to bring about all the "economic" potential for energy efficiency gains are introduced. This represents a policy of strong intervention, albeit one notionally consistent with a "no-regrets" or, at least, "minimum regrets". Substantial reductions in energy use and related emissions are achieved; but CO<sub>2</sub> emissions nonetheless continue to grow.

In any case, these projections conceal real problems about what constitutes a "no regrets" action. Everyone knows that what is technically possible is not the same as what is economically reasonable. There is more reluctance to face up to the distinction between what is economic and what is commercially or politically possible. The theoretical economic potential does not usually reflect the real climate of commercial and personal decision-making, including risk assessment – and voting behaviour. It overstates the potential. Such theoretical potential was not fully tapped even at the time of the oil shocks in the 1970s.

Moreover, even theoretical "no regrets" policies, when viewed against the projections of the IEA's *World Energy Outlook*, will not be adequate to stabilise, much less reduce, energy-related CO<sub>2</sub> emissions in the OECD by 2010. If more is to be done, costs will clearly have to be incurred. We need to face up to that. We also need to have realistic expectations which do not disregard the inherent rigidities in the energy system. And, realistic opportunities properly defined will vary widely from country to country, even within the OECD.

## Opportunities for Action

So much for the cold bath of realism. Now let me turn to the positive way forward -- but on that firm foundation. Decoupling economic growth from such intensive fossil fuel dependency is the challenge. Technology and policy options do exist to reduce fossil fuel dependency and improve the efficiency of fossil energy use in all sectors.

Energy-related CO<sub>2</sub> emissions can be reduced by several means: decarbonising the fuel mix; lowering energy intensity by improving energy efficiency; and emissions capture and disposal. All should be considered in the mix of measures. I discount the option of deliberately slowing economic growth.

The question is too often put as "action now?" or "action later?", and I suppose that a debate along those lines may be played out further here at COP-2. But, the IEA believes those are the wrong questions. The proper question is in fact "which actions now", recognising that the effects will appear over different timescales.

Most IEA countries have embarked on "no regrets" or "minimum regrets" options to address energy-related greenhouse gas emissions. Properly defined, such actions cannot be wrong. By definition, they do not carry substantial costs. Yet they convey the willingness to deal urgently with the potential threat of climate change.

Beyond that, the choices are tougher. The policy approaches available include significant energy price increases; efforts to accelerate penetration of renewables and other non-fossil, or less carbon-intensive, fuels; and substantial programmes to overcome barriers to new and improved technologies and assure rapid penetration of more efficient and cleaner processes. Such actions clearly involve economic costs. In some cases, they would engender fervent political opposition. Think only of the controversy surrounding new nuclear power stations, even though nuclear power accounted for the greater part of the lowering of carbon intensity of the energy economics of the OECD countries over the last 25 years.

In the IEA, we believe that we cannot afford to wait to act, but we also believe that we cannot afford to squander scarce economic resources nor disregard political realities.

I am not here today to offer an agreed solution or comprehensive proposal. There is no such agreement among our Members, much less between all the Parties represented here today, on the measures or the type of objective which should be adopted. That is, in any case, a decision for COP-3, not COP-2.

COP-2 nonetheless represents a crossroads, where the structure of the negotiations towards a legally binding protocol or other instrument under this Convention is to be shaped. If that structure is properly designed, there is a real prospect for effective action to limit greenhouse gases, by decoupling emissions growth from economic growth. In the energy sector, that means tackling the hard issues, not shying away from the rigidities which exist in energy systems and the need to effect structural changes over time, in concert with capital stock turnover and investments in new infrastructure.

Specific priorities for accelerated work have already emerged. These include enhanced technology research and development preferably on a collaborative basis; pursuing the possibilities for activities implemented jointly (AIJ), which can benefit all countries; and voluntary approaches, involving the willing commitment of the private sector to reduce emissions in a cost-effective manner. Involving industry in the design and implementation of the response options under this Convention is critical to our long-run success.

### Working Together with All Market Participants

OECD countries know they must deliver first on their own commitments. But they also seek to reach out to improve co-operation with non-OECD countries by making available the fruits of our own experience. Despite the disparities which exist among historical, current and projected emissions patterns in the various regions, all of us know that addressing the emissions in one region alone simply cannot overcome the global emissions problem.

Effective co-operation between OECD and non-OECD countries means two things: freely functioning markets and technology effectively deployed.

Greenhouse gas emission reduction measures need free and open markets in which to operate. There is no room for new restrictions to trade erected in the name of the environment. The role for governments includes, among other things, removing barriers and distortions, reviewing subsidies and incentives, and promoting full cost pricing.

But, governments also need to be constantly alert to those who, in today's jargon, are known as the stakeholders. We must not forget, as we talk and negotiate in this diplomatic forum, that actual investment decisions and consumption decisions, which are the source both of this problem and its ultimate solution, are made by millions of individual actors in industry and in households. Industry and consumers are partners in this process. Their consent to government intervention and their decisions as economic actors will determine the outcome. We should observe closely the results of imaginative initiatives such as the green pricing of electricity, under which consumers can register their own valuation of the costs and benefits of acting to limit climate change.

### The Role of Technology

The wider adoption of existing climate-friendly technologies, and the development and deployment of new and improved technologies, will be essential elements in a market-based response to climate change concerns. Technological progress can help break the links connecting economic and population growth to increased energy consumption and greenhouse gas emissions. But, expanded and intensified efforts are needed to speed up the otherwise lengthy technological development and deployment process. This is where the IEA/OECD Climate Technology Initiative (CTI) will play a significant role.

An *Inventory of CTI Activities* (available at COP-2) illustrates the types of action being taken in the technology field by OECD/IEA Member countries. It identifies a wide range of national and bilateral activities already underway, or being planned, to support or strengthen technological progress through government and private sector efforts. Multilateral activities being undertaken by the OECD, the IEA and the European Community are also summarised. Task forces under the lead of France, Germany, Japan and the United States are developing new activities under the CTI. The CTI is open to participation by government agencies, academia and industry from all interested countries. Similarly, relevant *IEA Implementing Agreements* are open to participation by non-OECD countries.

I wish to mention one, in particular, the GREENTIE project, set up by IEA and OECD Member countries, which will facilitate access to information about climate friendly technologies and practices. GREENTIE will be demonstrating its capabilities here at COP-2.

### Conclusions: Towards the Right Approach

The IEA will remain active as a contributor to the implementation of this Convention from the energy perspective. We will promote the free exchange of information and expertise; we will help inform the debate through our conduct of analysis and data collection, and our sponsorship of fora for discussion; we will promote technology collaboration; and, we will assist with communicating, reviewing and evaluating energy aspects of information in the FCCC context.

The IEA Secretariat will complete and transmit to our Member governments, and to the COP and its subsidiary bodies, the full range of our sectoral, policy and technology-related analyses, in time for their consideration in the run-up to COP-3. This will include the OECD/IEA analyses of possible common actions being studied under the Annex I Expert Group, which are to be reported on separately at this session.

The basic message regarding the energy dimension of this problem has not changed since Rio and Berlin, but the understanding is much deeper. Energy and environment goals have to be reconciled. IEA Ministers accept that there is an anthropogenic effect on the climate, though the costs and benefits associated with those impacts, and the options to respond to them, have yet to be adequately quantified. Energy Ministers have asked us to work with you to help develop cost-effective solutions that are viable in the real world.

My appeal is that any framework for negotiating a protocol or other legal instrument be flexible and, above all, that it should allow sufficient time for policies to work with structural change, not against it. That way lies a realistic, credible and effective path to the success we all seek.



**Statement by the President of the Council  
of the International Civil Aviation Organization (ICAO),  
Dr. Assad Kotaite,  
to the Second Session of the Conference of the Parties  
to the United Nations Framework Convention on Climate Change**

(Geneva, 8 July 1996)

I would like to thank the Executive Secretary of the Conference of the Parties to the United Nations Framework Convention on Climate Change, Mr. Zammit Cutajar, for extending an invitation to the Secretary General of ICAO, Dr. Philippe Rochat, to address this meeting. Unfortunately, for medical reasons, Dr. Rochat could not be with us today. As President of the Council of the International Civil Aviation Organization, it gives me a great pleasure to address, on behalf of the Organization, the Second Session of the Conference of the Parties.

The main theme of my statement today is the scope for increased co-operation between ICAO and the Conference of the Parties.

I will begin by explaining what ICAO is currently doing. The Organization was originally created in 1944 under the Convention on International Civil Aviation. Today, 184 States work within ICAO towards ensuring the safe and orderly growth of international civil aviation throughout the world.

Much of ICAO's work is based on the need for standardization world-wide. This is achieved through adoption by the ICAO Council of International Standards and Recommended Practices as Annexes to the Convention on International Civil Aviation. Annex 16 to the Convention contains ICAO's environmental protection Standards, concerning both aircraft noise and engine emissions. Co-operation between States is essential for the application of ICAO Standards on a global basis and unilateral measures should be avoided.

The Standards for emissions were first adopted in 1981 and apply to new aircraft engines. They were originally aimed at improving local air quality near airports and are therefore based on the aircraft's landing and take-off cycle and cover oxides of nitrogen, carbon monoxide, unburned hydrocarbons and smoke.

However, as you are aware, the focus of attention regarding aircraft emissions has recently changed, with the emergence of new environmental problems of a global nature to which aircraft emissions may be contributing. These include not only climate change, but also long-range air pollution and depletion of the ozone layer. In all of these cases, the emissions that are most important are those in the cruise phase of flight.

This whole subject of aircraft emissions, both at the local and global levels, is being given considerable attention by ICAO's Committee on Aviation Environmental Protection.

At the present time, the biggest obstacle to progress is the need for better scientific information. ICAO has therefore been exploring the scope for a more pro-active role with regard to the scientific assessment of the atmospheric effects of aircraft emissions. In the case of the Intergovernmental Panel on Climate Change (IPCC), recent contacts have focused on the possibility of IPCC devoting a special report on aviation emissions, perhaps in 1998. In the case of the Montreal Protocol, a meeting of the parties in December 1995 requested their Scientific Assessment Panel "to work as appropriate" with ICAO on the subject of aircraft emissions.

In addition to the need for closer co-operation with the two assessment processes, there is also a need to ensure that the scientific community is undertaking the necessary research for consideration in the assessments. In order to encourage this research, ICAO has promoted the creation of three-dimensional inventories of aircraft emissions and, in April 1996, co-sponsored a Symposium on the Global Atmospheric Effects of Aviation at Virginia Beach in the United States.

Once there is a clearer understanding of aviation's contribution, ICAO will try to find appropriate solutions as necessary, taking into account the likely costs and benefits. Three kinds of potential solutions are being considered by ICAO.

Firstly, ICAO is considering to what extent technology can help, through improved engine design. Fortunately, the actions taken by engine manufacturers to reduce emissions at airports have helped to reduce emissions at higher altitudes. There have also been considerable improvements in fuel efficiency over the years. However, some of these improvements have come from raising the temperature at which fuel is burnt. This encourages the production of oxides of nitrogen, which also play a role in climate change. Against this background, ICAO has tightened the original Standards for oxides of nitrogen in Annex 16 by 20 per cent and is currently consulting States on whether the Standards should be further reduced. Work is also in progress on how to adapt the Standards so as to include cruise emissions.

Secondly, while the emphasis will remain on what technology can do, ICAO has also started to examine operational measures specifically designed to reduce the amount of fuel consumed or to reduce the impact of emissions. It is also anticipated that the new ICAO satellite-based communications, navigation, surveillance and air traffic management (CNS/ATM) systems that are currently being introduced will have a beneficial effect.

The third category of possible solutions is the increased use of environmental charges. While ICAO policy guidance for noise charges already exists<sup>1</sup>, emission-related charges are still being studied. However, it was recently agreed within ICAO<sup>2</sup> that where emission-related charges are being considered, and it is not possible to await the outcome of future studies, the most prudent approach would be for States to base such charges on certain principles (including no fiscal aims; no distortion of competition with other transport modes; and a relation to costs).

In addition to ICAO's work on charges, it has recently been agreed by the Council that ICAO's existing taxation policies<sup>3</sup> should be reviewed in the near future taking into account the environmental impact of aviation.

I would now like to turn to co-operation between ICAO and the Conference of the Parties.

ICAO, in its work on emissions, has of course been aware of the concerns expressed in other United Nations fora. In October 1995, the ICAO Assembly instructed the Council of ICAO to examine all aspects of ICAO's relationship with other United Nations policy-making bodies in the environmental field. The Assembly placed particular emphasis on the Climate Change Convention and was mindful of the decision that was taken by the Conference of the Parties at its first Session on the allocation and control of emissions from international "bunker fuels", in other words international aviation.

In May 1996, the Council of ICAO considered this matter.

Regarding the allocation of international aviation emissions to national inventories, the Council concluded that while the ICAO Secretariat would be available to provide any technical advice that you might request, the choice of allocation methodology was a matter for States to decide within your own forum.

Regarding the control of international aviation emissions, the Council noted that there is a risk that States might find themselves entering into commitments in this forum that may be inconsistent with commitments and policies agreed in ICAO. Nevertheless, it is clear that the concerns raised about aviation's contribution to climate change need to be properly addressed and, if necessary, appropriate action will need to be taken to mitigate the problem. It is therefore essential that States reach a common understanding about how these concerns will be addressed, taking into account the respective mandates of ICAO and the Conference of the Parties, the skills and resources available in each case, and the need to avoid duplication of efforts. Since ICAO is the United Nations specialized agency responsible for international civil aviation and has traditionally dealt with aviation emissions and is also better placed to take into account emission-related problems other than climate change, it follows that ICAO should play a major role. However, ICAO will need to work within a decision-making framework that somehow involves the Conference of the Parties.

Against this background, the Council of ICAO confirmed its willingness to co-operate with the Conference of the Parties and requested the Secretary General of ICAO to liaise with the Climate Change Secretariat with a view to reaching a common understanding on the respective roles of ICAO and the Conference of the Parties.

The Council also recognized the need for more reliable scientific information to assist policy-makers. It expressed its support for IPCC undertaking a special report on aviation and agreed that ICAO should provide inputs to that report as necessary.

In closing, I would like to make an appeal to the States represented here today along similar lines to one that I have made in ICAO. In order to achieve closer co-operation between the Conference of the Parties and ICAO, there needs to be closer liaison at the national level between the government departments concerned. It is important that each State ensures that the views it expresses in this forum and in ICAO are broadly consistent. I believe that increased co-operation between ICAO and the Conference of the Parties is assured. Together, we must make it work.

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1. *Statements by the Council to Contracting States on Charges for Airports and Air Navigation Services* (Doc 9082/4).
2. 31st Session of the ICAO Assembly, September/October 1995.
3. *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632-C/1968).

## KEY OUTCOMES FROM COP 2

- Unlike CoP 1, where there was only one form of outcome from the session – CoP decisions – CoP 2 had three forms of outcomes:
  - CoP 2 Decisions, which were adopted by all Parties (in bold below).
  - Conclusions of the subsidiary bodies – the Subsidiary Body on Science and Technology (SBSTA), the Subsidiary Body on Implementation (SBI) and the Ad Hoc Group on the Berlin Mandate (AGBM) – which were adopted by all Parties during the meetings of the subsidiary bodies and, in some cases, reflected in CoP decisions.
  - Ministerial declaration, which was noted by the CoP Chairman, will be annexed to the CoP decisions. This was negotiated by a group of ministers or their representatives (22), chaired by Canada's Minister Marchi. Although it was supported by a majority of Parties, it was not adopted. The reservations expressed by some Parties will be included in its final form.

### SECOND ASSESSMENT REPORT

1. ***“Considers the Second Assessment Report of the Intergovernmental Panel on Climate Change to be the most comprehensive and authoritative assessment now available of the scientific and technical information regarding global climate change.”***
  - CoP 2 agreed that the SAR is considered the best available assessment of science and technology. What CoP 2 could not agree on, was the implications of the SAR for the Framework Convention on Climate Change (FCCC).
  - The ministerial declaration sought to go further with the statement that *“Ministers believe that the Second Assessment Report should provide a scientific basis for urgently strengthening action at the global, regional and national levels...”* It also noted particular findings of the IPCC, covering the science, impacts and response options for climate change.

### STRENGTHENING COMMITMENTS IN 4.2 (a) and (b)

- There was no CoP decision specifically on this item – that is not expected until CoP 3 – which includes Policies and Measures (P&Ms), Quantified Emission and Limitation Objectives (QELROs), and possible impacts on developing countries of new Annex 1 commitments. The Chairman's conclusions of the AGBM reflect the divergence of views on both P&Ms and QELROs. There remain many views and approaches and there is yet no consensus which has emerged on either issue.
- The ministerial declaration sought to address this issue, noting that the legally-binding protocol or other legal instrument (i.e. amendment) to be agreed to at CoP 3, should include both policies and measures and *“quantified legally-binding objectives for emissions limitations and significant overall reductions”*.

## TAKING STOCK AND INTENSIFYING EFFORTS

- Again, there was no specific CoP decision on this item, which addresses how negotiations on the Berlin Mandate are proceeding and where they should move from now. However, the AGBM Chairman's conclusions note that the emphasis of work in the AGBM, which focussed mostly on analysis and assessment, "*must now move progressively towards negotiation*".
- Parties are invited to submit concrete proposals on P&Ms, QELROs and other possible features of a protocol or another legal instrument by October 15. This can be elements of a protocol, not necessarily a complete protocol proposal.
- The declaration called on negotiators to "*accelerate negotiations on the text of a legally-binding protocol or another legal instrument to be completed in due time for adoption at the third session of the COP.*"

## ADVANCING COMMITMENTS UNDER ARTICLE 4.1

- Consideration of this item was deferred until the fifth session of the AGBM (December). Discussion on the item, which is the single commitment for developing countries under the Berlin Mandate, was postponed because the Parties were focussing attention on completing, for CoP decision, guidelines for the preparation of non-Annex 1 communications. CoP 2 did adopt these guidelines, and the first non-Annex 1 national communications are due in April 1997.
- Further, the declaration noted that the outcome of CoP 3 should include "*commitments for all Parties on continuing to advance the implementation of existing commitments in Article 4.1.*" This means that the protocol or other legal instrument should not be limited to Annex 1 Parties (under Article 4.2 a & b), but should include commitments for all Parties.

## ACTIVITIES IMPLEMENTED JOINTLY (AIJ)

1. ***Reaffirming decision 5/CP.1 whereby the Conference of the Parties is to review the progress of the pilot phase on activities implemented jointly in view of taking appropriate decisions on the continuation of the pilot phase;***
  - Takes note of the progress report...;***
  - Decides to continue the pilot phase;***
  - Invites Parties to report in accordance with the initial reporting framework adopted by SBSTA at its second session;***
  - Requests the Secretariat to support work on AIJ issues as agreed by SBI and SBSTA.***
- CoP 2 reaffirmed the CoP 1 decision whereby each CoP is to review progress of the pilot phase on AIJ and then decide whether it should continue or not. It then decided to continue the pilot phase, supporting continued work by the subsidiary bodies on this item.

- CoP 3 will again review progress and decide on continuation of the pilot phase.
- The Subsidiary Bodies also approved an extensive work program which includes a roundtable on AIJ at the fourth SBSTA (December); integration of AIJ information in the FCCC database; and a Secretariat paper, based on Party submissions by September 1, on a uniform reporting format and list of methodological issues.

#### **GUIDELINES FOR ANNEX 1 COMMUNICATIONS**

1. ***"Decides that Annex 1 Parties should use the revised guidelines contained in the annex to this decision for the preparation of their second communications, taking into account decisions of the SBSTA at its fourth session and, unless modified or replaced, for subsequent communications."***
  - The decision from COP 2 reflects negotiations in the SBSTA on improving the guidelines which were developed and used for first national communications by Annex 1 Parties. The revised guidelines include considerable elaboration on the preparation of inventories; the description of policies and measures and their effects on projections and assessments in reducing/limiting GHG emissions; and detailed reporting on new and additional financing and technology transfer to developing countries. Guidelines on the methods for reporting on technology transfer were not developed; the only requirement will be information on technology transfer to developing countries.
  - Most Annex 1 Parties, including Canada, must submit their second national communications by April 15, 1997. A first compilation and synthesis of these should be available for consideration at CoP 3. Reviews of the second national communications, including in-depth reviews, are to be completed before CoP 5 (1999).
2. ***"Requests the SBSTA to consider methodological issues relevant to national communications and, in particular, at its fourth session, to address those issues discussed in FCCC/SBSTA/1996/Add.1 and Add.2; and, if relevant conclusions on such issues can be drawn, to revise further the guidelines for the preparation of national communications as appropriate."***
  - Specific methodological issues of the Annex 1 guidelines was deferred for consideration until the fourth session of the SBSTA (December). These include: accounting for emissions associated with electricity trade; allocation and control of international bunker fuels; use of global warming potentials; accounting for land-use change and forestry; and, use of temperature adjustments. Parties were requested to provide comments to the Secretariat by October 15 on these issues.
3. ***"The challenges which Annex 1 Parties currently face in meeting the aim to return greenhouse gas emissions to their 1990 levels by 2000, and the efforts being made to address these challenges, will be relevant for the negotiations in the Ad Hoc Group on the Berlin Mandate on commitments for the post-2000"***

*period."*

- This decision refers to a review of how well Annex 1 Parties, on the basis of their first national communications and in-depth reviews, are fulfilling their commitments under the Convention. CoP 2 also concluded that Annex 1 Parties are fulfilling their commitment to implement national policies and measures on mitigation of climate change, but that for many, urgent action will be needed to return GHG emissions to 1990 levels by 2000.
- The CoP also noted that there is a need to address the concern expressed by some non-Annex 1 Parties that Annex II Parties (mainly OECD countries) are falling short of their commitments related to technology transfer and provision of financial resources.

### TECHNOLOGY TRANSFER

1. ***"Requests the Convention secretariat:***

***...to identify existing technology information activities and needs, with a view to developing options for building on existing specialized information centres and networks...***

***...to expedite the preparation of reports on adaptation technology and the terms of transfer of technology and know-how...***

***...to organize a round table on transfer of technologies and know-how in conjunction with the third session of the Conference of the Parties..."***

2. ***"Urges all Parties, particularly those included in Annex II to the Convention, to improve the enabling environment, including removal of barriers and the establishment of incentives, for private sector activities that advance the transfer of technologies to address climate change and its adverse impacts."***

- There were a large number of outcomes relating to the development and transfer of technologies, as relating particularly to the implementation of relevant Articles in the Convention by Annex I and Annex II Parties. These recognized both private and public sector roles.
- The CoP decision urged the provision of relevant information on technology in national communications, further action on developing inventories, the development of options for information centres and networks, the compilation of a list of technology needs on the part of non-Annex 1 Parties, and organization of a technology round-table at CoP 3.

### GUIDELINES FOR COMMUNICATIONS FROM PARTIES NOT INCLUDED IN ANNEX I

1. ***"Decides that the Parties not included in Annex I to the Convention should use the guidelines contained in the annex to the present decision when preparing their initial communications under the Convention."***
2. ***"Decides that the national and regional development priorities, objectives and***

*circumstances of the Parties not included in Annex I should, in accordance with Article 4.1, and the provisions of Article 4.3, 4.4, 4.5, 4.7, 4.8, 4.9 and 4.10, be taken into account by the Conference of the Parties in considering matters related to their initial communications."*

3. ***"Decides that the Parties not included in Annex I which wish to submit voluntarily additional information may use elements from the guidelines approved for Parties included in Annex I when preparing their initial communications."***
- The agreement on the guidelines for the preparation of national communications from Parties not included in Annex I represents an important step in engaging developing countries more actively in the implementation of the Convention.
  - These guidelines include 1994 as the base year, and the use of IPCC methodology and format for reporting data, to the extent possible. The guidelines also encourage developing countries to include information on programmes containing measures, using a 1990 base year when data is available.
  - The Non-Annex I guidelines also link clearly the preparation of national communications to the availability of GEF funding.

#### **FINANCIAL MECHANISM - GUIDANCE TO THE GLOBAL ENVIRONMENT FACILITY (GEF)**

1. ***"Decides to adopt the following guidance to the GEF, as the interim operating entity of the financial mechanism of the Convention. In this regard, the GEF should:***
    - (a) *In the initial period, implement strategies on enabling activities...*
    - (b) *...take steps to facilitate [the] provision of financial resources...*
    - (c) *...expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties...*
    - (d) *Consider country-specific needs...*
    - (e) *...finance the agreed full incremental costs of projects related to other commitments contained in the Convention only upon request of the interested Party.*
  2. ***"Requests the Subsidiary Body for Implementation at its fourth session to undertake the review process referred to in decision 9/CP.1 and to report on the outcome to the Conference of the Parties at its third session."***
- Parties agreed that the initial focus of support from the GEF should be on enabling





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**REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND OF  
DECISIONS OF THE FIRST SESSION OF THE CONFERENCE OF THE PARTIES**

**ACTIVITIES IMPLEMENTED JOINTLY: ANNUAL REVIEW OF PROGRESS  
UNDER THE PILOT PHASE**

**Recommendation of the Subsidiary Body for Implementation and of the  
Subsidiary Body for Scientific and Technological Advice**

At its third session, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation decided to recommend the following draft decision for adoption by the Conference of the Parties at its second session:

**Activities implemented jointly under the pilot phase**

*The Conference of the Parties,*

*Reaffirming* decision 5/CP.1 whereby the Conference of the Parties is to review the progress of the pilot phase on activities implemented jointly with a view to taking appropriate decisions on the continuation of the pilot phase,

1. *Takes note* of the progress report contained in document FCCC/CP/1996/14 and Add.1;
2. *Decides* to continue the pilot phase;

3. *Invites* Parties to report in accordance with the initial reporting framework adopted by the Subsidiary Body for Scientific and Technological Advice at its second session (FCCC/SBSTA/1996/8, Annex IV);

4. *Requests* the secretariat to support the work on issues relating to activities implemented jointly as agreed by the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice.

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**DECISIONS TO PROMOTE THE EFFECTIVE IMPLEMENTATION OF  
THE CONVENTION**

**FINANCIAL MECHANISM**

**GUIDANCE TO THE GLOBAL ENVIRONMENT FACILITY**

**Recommendation of the Subsidiary Body for Implementation**

At its third session, the Subsidiary Body for Implementation decided to recommend the following draft decision for adoption by the Conference of the Parties at its second session:

**Guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* Article 11.1 and 11.3 of the Convention,

*Recalling also* Articles 12.5, 4.3, 4.7 and 4.8 thereof,

*Bearing in mind* decision 11/CP.1 of the Conference of the Parties at its first session and its conclusions reached at its second session,

*Noting* the Report of the Global Environment Facility to the second session of the Conference of the Parties (FCCC/CP/1996/8),

*Expressing* concern over difficulties encountered by developing country Parties in receiving the necessary financial assistance from the Global Environment Facility due to, *inter alia*, the application of the Global Environment Facility operational policies on eligibility criteria, disbursement, project cycle and approval, the application of its concept of incremental costs, and guidelines which impose considerable administrative and financial costs on developing country Parties,

*Also expressing* concern over difficulties encountered by Parties not included in Annex I of the Convention in seeking funds from the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention, for the preparation of their initial national communications,

*Welcoming* the information by the Global Environment Facility on its efforts to ensure that funding activities are in conformity with guidance provided by the Conference of the Parties and, in particular, its expedited procedures to support enabling activities in the climate change focal area,

1. *Decides* to adopt the following guidance to the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention. In this regard, the Global Environment Facility should:

(a) In the initial period, implement strategies on enabling activities in accordance with decision 11/CP.1, which facilitate endogenous capacity building, including data collection and archiving, consistent with the policy guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties;

(b) In providing the financial resources needed by developing country Parties to meet the agreed full incremental costs of implementing measures covered by Article 4.1 of the Convention in accordance with Article 4.3, take steps to facilitate this provision of financial resources, including the enhancement of transparency and the flexible and pragmatic application of its concept of incremental costs on a case-by-case basis;

(c) Together with its implementing agencies, expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by the developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties. In this regard, the guidelines and format adopted by the Conference of the Parties at its second session on the preparation of initial national communications by non-Annex I Parties contained in decision ----/CP.2 shall form the basis for funding of communications from non-Annex I Parties under Article 12.1 of the Convention;

(d) Consider country-specific needs and other approaches which may be used for several countries with similar needs, upon request, and take into account that the preparation of national communications is a continuing process;

(e) When funding the agreed full costs for the preparation of national communications from non-Annex I Parties, finance the agreed full incremental costs of projects related to other commitments contained in the Convention only upon request of the interested party;

2. *Invites* developing country Parties that are interested in receiving assistance for enabling activities, in particular for the preparation of national communications in accordance with Article 12 of the Convention, to avail themselves of the financial resources being made available from the financial mechanism for such purposes;

3. *Requests* the Global Environment Facility, as the interim operating entity of the financial mechanism, to report to the Conference of the Parties at its third session on the implementation of this guidance, including on experience gained in the application of the concept of agreed full incremental costs;

4. *Requests* the Subsidiary Body for Implementation at its fourth session to undertake the review process referred to in decision 9/CP.1 and to report on the outcome to the Conference of the Parties at its third session.

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Agenda item 5

**REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND OF  
DECISIONS OF THE FIRST SESSION OF THE CONFERENCE OF THE  
PARTIES**

**Second Assessment Report of the Intergovernmental  
Panel on Climate Change (IPCC)**

**SBSTA Chairman's summary of discussion and draft decision for consideration  
by the Conference of the Parties at its second session**

1. Discussions on this item were held during the 1st, 2nd, 9th and 10th meetings of the Subsidiary Body for Scientific and Technological Advice (SBSTA) on 9, 15 and 16 July 1996.
2. The documents prepared for the session (FCCC/CP/1996/5; FCCC/CP/1996/10, FCCC/SBSTA/1996/7/Rev.1 and Add.1-3/Rev.1, FCCC/SBSTA/1996/MISC.4), the previous discussion on the item (see paragraphs 18 to 32 of document FCCC/SBSTA/1996/8) and decision 6/CP.1 outlining the terms of reference of the SBSTA, formed the backdrop for the discussion.
3. The discussion was prefaced by a statement by the Chairman of the Intergovernmental Panel on Climate Change (IPCC) who also responded to questions raised.
4. Statements were made by 50 Parties, including one on behalf of the European Community and its member States, another on behalf of the Group of 77 and China, and another on behalf of the Alliance for Small Island States.

5. Representatives of two States not Parties to the Convention also made statements.
6. A representative of one non-governmental organization made a statement.
7. In general, it was considered that:
  - (a) The Second Assessment Report of the IPCC represents currently the most comprehensive and authoritative assessment of the available scientific and technical information regarding global climate change, its impacts and policy implications.
  - (b) The authors of the report and all scientists and other experts involved in its preparation were to be commended for the time, effort and dedication devoted to the report.
  - (c) The Second Assessment Report should be considered in its entirety.
8. It was noted that:
  - (a) The Second Assessment Report gives an assessment of the likelihood of current and future climate change and related impacts, taking into account remaining uncertainties.
  - (b) The Second Assessment Report considers the vulnerability of natural and human systems to climate change, and thresholds of damage, but does not quantify what constitutes "dangerous anthropogenic interference" with the climate system as defined in Article 2 of the Convention. Such an assessment will be required to fully address the ultimate objective of the Convention.
  - (c) More information will be required on regional scenarios of climate change and more effort should be directed at reducing uncertainties in current knowledge of climate change.
  - (d) "No regrets" policies and measures were available for immediate use in many countries at little or no cost. There are large differences in the costs of reducing greenhouse gas emissions, and enhancing sinks, among countries due to their states of economic development, infrastructure choices, and natural resource base.
  - (e) The socio-economic impacts on, and vulnerability of most developing countries in such areas as agriculture, water resources and public health, particularly in those countries with low-lying coastal areas and the small island developing States, must be taken into account.

- (f) The vulnerability of many countries, including developing countries and countries relying on production of fossil fuels, to the economic impacts of potential policies or measures to limit or reduce greenhouse gas emissions must be addressed.
- (g) There is a need for all Parties to meet their commitments taking into account the need for equity and differentiated responsibilities.

9. There were divergent views on the implications of the Second Assessment Report for the Convention. Views were expressed that the Second Assessment Report provides a reliable basis for Parties to take further action to mitigate climate change and that it should be considered carefully by the Conference of the Parties (COP) and particularly by the Ad Hoc Group on the Berlin Mandate (AGBM), in their future activities, as a basis for urgent action. Views were also expressed that due to the scientific uncertainties and lack of sufficient economic analysis in the Second Assessment Report it would be premature to take action beyond appropriate 'no regrets' policies and measures to mitigate climate change now, and that more research is required, and that the Second Assessment Report does not provide adequate information to determine what constitutes dangerous levels of greenhouse gas concentrations to use the report for achieving the objective of the Convention (Article 2).

10. In subsequent discussion, the SBSTA prepared the following draft decision, but could not reach consensus on its paragraph 1, as indicated in the draft by two alternatives in square brackets.

11. The SBSTA authorized its Chairman to convey this draft decision to the COP, with the request that COP further consider it with a view to reaching agreement on a decision regarding the use of the Second Assessment Report of the IPCC.

**Draft decision -/CP.2**

**Second Assessment Report of the Intergovernmental Panel on Climate Change**

*The Conference of the Parties,*

*Recalling* the mandate of the SBSTA as given in Article 9 and decision 6/CP.1 (FCCC/CP/7/Add.1) to,

Provide assessments of the state of scientific knowledge relating to climate change and its effects (Article 9.2 (a)). In this context:

- (a) Summarize and, where necessary, convert the latest international scientific, technical, socio-economic and other information provided by competent bodies, including,

*inter alia*, the Intergovernmental Panel on Climate Change (IPCC), into forms appropriate to the needs of the Conference of the Parties,

(b) Compile and synthesize scientific, technical and socio-economic information on the global situation on climate change, provided by, *inter alia*, the IPCC, as well as on the latest developments in science, to the extent possible, and assess the implications thereof for the implementation of the Convention; and formulate requests to competent international scientific and technical bodies,

*Recalling also* that the SBSTA held an exchange of views on the Second Assessment Report during its second and third sessions (FCCC/SBSTA/1996/8 and ..) and the recommendations of the SBSTA,

*Notes* that the Second Assessment Report needs to be considered as a whole;

*Considers* the Second Assessment Report of the Intergovernmental Panel on Climate Change to be the most comprehensive and authoritative assessment now available of the scientific and technical information regarding global climate change;

1. [*Decides* that, the Second Assessment Report be used as basis for urgent action to further the implementation of the Convention and for developing a protocol or other legal instrument, as provided for in the Berlin Mandate;]

1. [*Decides* that, the Second Assessment Report should be taken into account during consideration of the implementation of the Convention, including informing the process of negotiation, bearing in mind the uncertainties and lack of certain information in the report. Furthermore, the lack of the assessment of the dangerous levels of the concentration of greenhouse gases for the climate system does not allow to use the Second Assessment Report for achieving the main goal of the Convention (Article 2);]

2. *Expresses* its appreciation to the IPCC, particularly the Chairman of the IPCC and all its authors and scientists, for their excellent work in drawing up the Second Assessment Report;

3. *Welcomes* the commitment of the IPCC to undertake the work programme requested in support of SBSTA and AGBM;

4. *Urges* continuing cooperation between the Convention bodies and the IPCC.

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(b) That the national and regional development priorities, objectives and circumstances of the Parties not included in Annex I should, in accordance with Article 4.1, and the provisions of Article 3 and Article 4.3, 4.4, 4.5, 4.7, 4.8, 4.9 and 4.10, be taken into account by the Conference of the Parties in considering matters related to their initial communications; and

(c) That the Parties not included in Annex I which wish to submit voluntarily additional information may use elements from the guidelines approved for Parties included in Annex I when preparing their initial communications.

Annex

**GUIDELINES FOR THE PREPARATION OF INITIAL COMMUNICATIONS  
FROM PARTIES NOT INCLUDED IN ANNEX I**

1. The guidelines for the preparation of initial communications by Parties not included in Annex I have five principal objectives, taking into account Article 4.7:

(a) To assist Parties not included in Annex I in meeting their commitments under Article 12.1;

(b) To encourage the presentation of information in ways that are, to the extent possible, consistent, transparent and comparable as well as flexible, and to take into account specific national situations and requirements for support to improve the completeness and reliability of activity data, emission factors and estimations;

(c) To serve as policy guidance to the interim operating entity of the financial mechanism for the timely provision of financial support needed by the developing country Parties to meet the agreed full costs in complying with their obligations under Article 12.1, as referred to in decision ../CP.2;

(d) To facilitate the process of preparation, compilation and consideration of the communications, including the preparation of compilation and synthesis documentation; and

(e) To ensure that the Conference of the Parties has sufficient information to carry out its responsibilities to assess the overall aggregated effects of the steps taken by the Parties in the light of the latest scientific assessments concerning climate change, and to assess the implementation of the Convention.

Scope

2. In accordance with Article 12.1, the communication should include:

(a) A national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent its capacities permit, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;

(b) A general description of steps taken or envisaged by the Party to implement the Convention; and



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**DECISIONS TO PROMOTE THE EFFECTIVE IMPLEMENTATION  
OF THE CONVENTION**

**COMMUNICATIONS BY PARTIES**

**COMMUNICATIONS FROM PARTIES NOT INCLUDED IN ANNEX I:  
GUIDELINES, FACILITATION AND PROCESS FOR CONSIDERATION**

**Recommendation of the Subsidiary Body for Scientific and Technological  
Advice and the Subsidiary Body for Implementation**

The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their third sessions, decided to recommend the following draft decision and the annex thereto for adoption by the Conference of the Parties at its second session:

**Communications from Parties not included in Annex I: guidelines,  
facilitation and process for consideration**

*The Conference of the Parties,*

*Recalling* Articles 12.1, 12.5 and 12.7 of the United Nations Framework Convention on Climate Change,

*Recalling also* decision 8/CP.1 on first communications from Parties not included in Annex I to the Convention and decision 4/CP.1 on methodological issues,

*Noting* that, in accordance with Article 12.5, each Party not included in Annex I shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4, paragraph 3, and that Parties that are least developed may make their initial communication at their discretion,

*Recognizing* that, in accordance with Article 4.7, the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology, and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

*Having considered* that from its first session, in accordance with Article 12.7, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under this Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4. Such support may be provided by other Parties, by competent international organisations and by the secretariat, as appropriate,

1. *Requests* the Convention secretariat

(a) In accordance with Article 8.2(c), to facilitate assistance to the Parties, particularly developing country Parties, in the preparation of their initial communications, through the organization of workshops at the regional level; to provide a forum for the exchange of experiences in the development of emission factors and activity data for the estimation of the inventory, as well as, on request, for other elements of information in the initial communication; and to provide a report to the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice at each of their sessions; and

(b) To make available to the Subsidiary Body for Implementation, at each of its sessions, details of the financial support made available to Parties not included in Annex I from the interim operating entity of the financial mechanism for the preparation of their initial communications, including projects in this regard proposed by each Party, the funding decision and the date and amount of funds made available to the Party;

2. *Decides*

(a) That the Parties not included in Annex I to the Convention should use the guidelines contained in the annex to the present decision when preparing their initial communications under the Convention;

(c) Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including, if feasible, material relevant for calculations of global emission trends.

#### National circumstances

3. In presenting the information, Parties not included in Annex I should specify their national and regional development priorities, objectives and circumstances on the basis of which they will address climate change and its adverse impacts. The description of these circumstances can cover a wide range of information. In addition to information which can be conveniently presented in a table (see table I below), Parties may present basic economic, geographic and climatic information, as well as other factors relevant to climate change of any nature, such as, for example, features of their economy which may affect their ability to deal with climate change.
4. Parties may provide a brief description of existing institutional arrangements which are relevant to the preparation of the inventory on a continuing basis, or a list of perceived deficiencies in this area.
5. Parties may also present information on their specific needs and concerns arising from the adverse effects of climate change and/or the impact of the implementation of response measures, specially on:
- (a) Small island countries;
  - (b) Countries with low-lying coastal areas;
  - (c) Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;
  - (d) Countries with areas prone to natural disasters;
  - (e) Countries with areas liable to drought and desertification;
  - (f) Countries with areas of high urban atmospheric pollution;
  - (g) Countries with areas with fragile ecosystems, including mountainous ecosystems;
  - (h) Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products;
  - (i) Landlocked and transit countries; and

(j) Other special considerations foreseen in Article 4.9 (least developed countries) and Article 4.10 (fossil-fuel dependency), as appropriate.

6. In presenting the information, wherever applicable, Parties should present numerical indicators. For example, they might present data expressed in terms of affected percentage of land area, population, gross domestic product (GDP), etc.

#### Inventory

7. There is a clear need for adequate and additional financial resources, technical support and technology transfer to supplement the efforts towards capacity building for preparation of the national inventories.

8. The Guidelines for the National Greenhouse Gas Inventories and Technical Guidelines for Assessing Climate Change Impacts and Adaptation or the simplified default methodologies adopted by the Intergovernmental Panel on Climate Change (IPCC) should be used by Parties not included in Annex I, as appropriate and to the extent possible, in the fulfilment of their commitments under the Convention.

9. Information should be provided on the following greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), to the extent the Party's capacities permit. In addition, Parties are encouraged to include in their national inventories the fully-fluorinated compounds, as appropriate. Other greenhouse gases included in the IPCC methodology may be included at the discretion of the Parties. Emissions from bunker fuels should be reported separately from national emissions.

10. Parties should strive to present the best available data in a table (see table II below), to the extent their capacities permit, and try to identify the areas where the data may be further improved in future communications through national capacity building. Additional information, such as, for example, expression of the results in terms of socio-economic, geographical indicators deemed relevant by each country, may also be provided.

11. As recognized by the IPCC in its Second Assessment Report, there is still great uncertainty associated with net anthropogenic emissions resulting from activities other than combustion of fossil fuels. Such activities include, *inter alia*, methane emissions from agriculture and waste sectors, coal mining, biomass burning; carbon dioxide emissions from land use change and forestry; and nitrous oxide emissions from all sectors. Since the emissions resulting from these activities depend on local circumstances, and make up a large proportion of the national emissions of Parties not included in Annex I, such Parties should make efforts to obtain field observation data to decrease the uncertainties associated with the inventory of these emissions, taking into account the further development of the IPCC methodology.

12. It is further recognized that such improvement of the quality of emission data, in addition to improving the transparency and comparability of national emissions inventories, also improves knowledge of the relationship between global emissions and resulting atmospheric concentration of greenhouse gases, and therefore aids significantly the task of estimating the emission limitations or reductions required to achieve a given concentration level of greenhouse gases, the ultimate objective of the Convention.

13. Parties not included in Annex I are thus encouraged to formulate cost-effective national, and where appropriate regional, programmes aiming at the improvement of the quality of local emission factors and appropriate data gathering, and to submit requests for financial and technical assistance to the interim operating entity of the financial mechanism of the Convention in addition to their request for support for the preparation of their initial communications.

14. Parties not included in Annex I should provide the best available data in their inventory. To this end such data should be provided for the year 1994. Alternatively, Parties not included in Annex I may provide such data for the year 1990.

#### General description of steps

15. In accordance with Article 12.1, each Party not included in Annex I should communicate a general description of steps taken or envisaged by the Party to implement the Convention. Taking into account the chapeau of Article 4.1, the initial communication should seek to include, as appropriate:

(a) Programmes related to sustainable development, research and systematic observation, education and public awareness, training, etc;

(b) Policy options for adequate monitoring systems and response strategies for climate change impacts on terrestrial and marine ecosystems;

(c) Policy frameworks for implementing adaptation measures and response strategies in the context of coastal zone management, disaster preparedness, agriculture, fisheries, and forestry, with a view to integrating climate change impact information, as appropriate, into national planning processes;

(d) In the context of undertaking national communications, building of national, regional and/or sub-regional capacity, as appropriate, to integrate climate change concerns in medium and long-term planning;

(e) Programmes containing measures the Party believes contribute to addressing climate change and its adverse impacts, including the abatement of increase in greenhouse gas emissions and enhancement of removals by sinks.

Other information

16. In accordance with Article 12.7 the Conference of the Parties should use the information in initial communications in arranging for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under Article 12, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4.

17. Developing country Parties may, in accordance with Article 12.4, on a voluntary basis, propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits.

18. Parties not included in Annex I may provide any other information relevant to the achievement of the objective of the Convention, including, if feasible, material relevant for calculation of global emission trends, constraints and obstacles, etc.

Financial and technological needs and constraints

19. Parties not included in Annex I may describe the financial and technological needs and constraints associated with the communication of information. In particular, and following the evolving recommendations of the Conference of the Parties through its subsidiary bodies, the description may cover needs and constraints associated with the further improvement of national communications, including reduction of the margin of uncertainty in emission and removal variables through appropriate institutional and capacity building.

20. According to national priorities, Parties not included in Annex I may include a description of financial and technological needs associated with activities and measures envisaged under the Convention.

21. Information on national technological needs related to measures to facilitate adequate adaptation to climate change may be included in the communication.

22. Information on relevant financial and technological needs relating to the assessment of national, regional and/or sub-regional vulnerability to climate change may be added in the communication. This may include, where appropriate, information related to data-gathering systems to measure climate change effects in particularly vulnerable countries or regions or to strengthen such systems; and identification of a near-term research and development agenda to understand sensitivity to climate change.

23. There is a need to take into full consideration the circumstances and vulnerabilities of developing country Parties, keeping in mind that the extent to which developing countries will effectively implement their commitments under Convention will depend on the effective implementation by developed countries of their commitments under the Convention related to financial resources and transfer of technology.

Timing of submission of initial communication

24. In accordance with Article 12.5, the timing for submission of initial communications is within three years of entry into force of the Convention for that Party or of the availability of financial resources in accordance with Article 4.3.

Structure and executive summary

25. The information provided in accordance with these guidelines should be communicated by a Party to the Conference of the Parties in a single document. Any additional or supporting information may be supplied through other documents such as a technical annex.

26. The initial communication should include an executive summary that would present the key information and data from the full document. The executive summary will be translated and distributed widely. It would be useful to envisage an executive summary of no more than 10 pages.

Language

27. The communications may be submitted in one of the official languages of the United Nations. Parties not included in Annex I are also encouraged to submit, to the extent possible and where relevant, a translation of their communications into English.

Table I - National Circumstances

Criteria	1994
Population	
Relevant areas (square kilometres)	
GDP (1994 US\$ )	
GDP per capita (1994 US\$ )	
Estimated share of the informal sector in the economy in GDP (percentage)	
Share of industry in GDP (percentage)	
Share of services in GDP (percentage)	
Share of agriculture in GDP (percentage)	
Land area used for agricultural purposes (square kilometres)	
Urban population as percent of total population	
Livestock population (disaggregate as appropriate)	
Forest area (square kilometres, define as appropriate)	
Population in absolute poverty	
Life expectancy at birth (years)	
Literacy rate	

Note: Parties may also report on the rate of change of the above indicators to the extent possible; data in this table should be as disaggregated as possible and include information on individual sectors.

Table II - Initial national greenhouse gas inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol

Greenhouse Gas Source and Sink Categories	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
<b>Total (Net) National Emission (Gigagram per year)</b>	X	X	X
<b>1. All Energy</b>	X	X	X
<i>Fuel Combustion</i>			
Energy and Transformation Industries	X		X
Industry	X		
Transport	X		
Commercial-Institutional	X		
Residential	X		
Other (please specify)	X	X	
Biomass Burned for Energy		X	
<i>Fugitive Fuel Emission</i>			
Oil and Natural Gas Systems		X	
Coal Mining		X	
<b>2. Industrial Processes</b>	X		X
<b>3. Agriculture</b>		X	X
<i>Enteric Fermentation</i>		X	
<i>Rice Cultivation</i>		X	
<i>Savanna Burning</i>		X	
<i>Others (please specify)</i>		X	X
<b>4. Land Use Change and Forestry</b>	X		
<i>Changes in Forest and other woody biomass stock</i>	X		
<i>Forest and Grassland Conversion</i>	X		
<i>Abandonment of Managed Lands</i>	X		
<b>5. Other Sources as appropriate and to the extent possible (please specify)</b>	X	X	X

Note 1: X - Data to be presented to the extent the Party's capacities permit (Article 12.1(a)).

Note 2: Non-Annex I national communications will include the information in this table, and a description of assumptions and methods used, and the values of emission coefficients, where these differ from IPCC assumptions, methods and values.

Note 3: Efforts should be made to report the estimated range of uncertainty, where appropriate.



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**DECISIONS TO PROMOTE THE EFFECTIVE IMPLEMENTATION  
OF THE CONVENTION**

**COMMUNICATIONS BY PARTIES**

**COMMUNICATIONS FROM ANNEX I PARTIES: GUIDELINES,  
SCHEDULE AND PROCESS FOR CONSIDERATION**

**Recommendation of the Subsidiary Body for Scientific and Technological Advice  
and the Subsidiary Body for Implementation**

At their third session, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation decided to recommend the following draft decision for adoption by the Conference of the Parties at its second session.

**Communications from Parties included in Annex I: guidelines,  
schedule and process for consideration**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, in particular Articles 4, 5, 6, 7.2, 9.2(b), 10.2, 11 and 12,

*Recalling* decisions 2/CP.1, 3/CP.1 and 4/CP.1 of the first session of the Conference of the Parties,

*Having considered* the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice,

*Having considered* the relevant recommendations of the Subsidiary Body for Implementation,

*Recognizing* that anthropogenic emissions and removals by sinks of all greenhouse gases should be reported in a complete, transparent and comparable way that avoids double-counting or incomplete counting,

1. *Requests* the SBSTA to consider, at its fourth session, any other possible additional revisions to the guidelines arising from, *inter alia*, any modifications to the IPCC Guidelines for National Greenhouse Gas Inventories;

2. *Requests* the SBSTA to consider methodological issues relevant to national communications and, in particular, at its fourth session, to address those issues discussed in FCCC/SBSTA/1996/9/Add.1 and Add.2; and, if relevant conclusions on such issues can be drawn, to revise further the guidelines for the preparation of national communications as appropriate;

3. *Decides* that Annex I Parties should use the revised guidelines contained in the annex\* to this decision for the preparation of their second communications, taking into account decisions of the SBSTA at its fourth session and, unless modified or replaced, for subsequent communications;

4. *Requests* Annex I Parties to submit to the secretariat, in accordance with Articles 12.1 and 12.2 of the Convention:

(a) A second national communication<sup>1</sup> by 15 April 1997. For those Parties which were due to submit the first communication in 1996 an update of this communication is to be submitted by the same date; second national communications by Parties with economies in transition should in principle be submitted not later than 15 April 1998;

(b) National inventory data on emissions by sources and removals by sinks on an annual basis, by 15 April of each year, following the principles contained in decision 3/CP.1;

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\* The annex to this decision is contained in document FCCC/CP/1996/L.13/Add.1.

<sup>1</sup> This term includes communications from the regional economic integration organization included in Annex I to the Convention.

5. *Decides* that the four Parties that have invoked Article 4.6, requesting in their first communications for flexibility to use base years other than 1990, be allowed this degree of flexibility in their first communications, as follows:
- Bulgaria; to use 1989 as a base year
  - Hungary; to use the average of the years 1985 to 1987 as a base year
  - Poland; to use 1988 as a base year
  - Romania; to use 1989 as a base year;
6. *Requests* the Subsidiary Body for Implementation to consider any additional requests on the basis of Article 4.6 and to take decisions as appropriate on its behalf and to report to the Conference of the Parties;
7. *Requests* that the Annex I Parties with economies in transition invoking Article 4.6 in the implementation of their commitments should do so by explicitly indicating the nature of this flexibility (e.g., choice of a base year other than 1990, use of the revised guidelines for the preparation of national communications, schedule of submission of national inventory data other than indicated in paragraph 1 (b) above, etc., and should state clearly the special consideration they are seeking and provide an adequate explanation of their circumstances);
8. *Decides* that the review process be continued in accordance with the relevant decisions of the Conference of the Parties;
9. *Requests* the secretariat to apply the procedures for the review, including in-depth reviews, as defined in decision 2/CP.1, to second national communications from Annex I Parties; the in-depth reviews are to be completed before the fifth session of the Conference of the Parties;
10. *Requests* the secretariat to prepare the documentation on the results of the review of second national communications, including compilation and synthesis and/or other reports, according to schedules to be adopted by the subsidiary bodies. A first compilation and synthesis of second national communications from Annex I Parties should be available for consideration by the third session of the Conference of the Parties;
11. *Urges* those Annex I Parties that have not yet submitted their national inventory data on emissions by sources and removals by sinks as requested by decision 3/CP.1 to do so as soon as possible;
12. *Concludes*, with respect to the reporting of national communications by Annex I Parties, that:

(a) Annex I Parties are fulfilling their Article 4.2 (b) commitments to report in detail on national policies and measures on the mitigation of climate change;

(b) Annex I Parties are fulfilling their Article 12.3 commitments by reporting on their commitments regarding the transfer of technology and the provision of financial resources;

13. *Concludes*, with respect to the implementation of the Convention by Annex I Parties, that:

(a) Annex I Parties are fulfilling their Article 4.2 commitments to implement national policies and take corresponding measures on the mitigation of climate change, but according to available information, for many Annex I Parties urgent further actions will be needed to return greenhouse gas emissions to their 1990 levels by 2000;

(b) The challenges which Annex I Parties currently face in meeting the aim to return greenhouse gas emissions to their 1990 levels by 2000, and the efforts being made to address these challenges, will be relevant for the negotiations in the Ad Hoc Group on the Berlin Mandate on commitments for the post-2000 period;

(c) There is a need to address the concern expressed by some Parties that Annex II Parties are falling short of their commitments related to the transfer of technology and the provision of financial resources, keeping in mind that other Parties noted that some Annex II Parties are providing bilateral contributions and that all Annex II Parties contribute to the Global Environment Facility, and noting that these Parties are requested to enhance the reporting on these commitments through applying the revised guidelines contained in the annex to this decision.

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**Addendum**

**Annex**

**GUIDELINES FOR THE PREPARATION OF NATIONAL  
COMMUNICATIONS BY ANNEX I PARTIES**

1. The guidelines for the preparation of communications by Annex I Parties have three principal purposes:
  - (a) To assist Annex I Parties in meeting their commitments under Articles 4 and 12;
  - (b) To facilitate the process of considering the national communications, including the preparation of useful technical analysis and synthesis documentation, by encouraging the presentation of information in ways that are consistent, transparent and comparable; and

(c) To ensure that the Conference of the Parties (COP) has sufficient information, in accordance with Article 4.2(d), to carry out its responsibilities to review the implementation of the Convention and the adequacy of the commitments in Article 4.2(a) and (b).

#### Coverage

2. In accordance with Articles 4.1(j) and 12.1(b), a communication should address the full range of a Party's actions to implement all its Convention obligations, including those relating to adaptation, research, education and other actions, in addition to those to limit emissions and enhance sinks. With regard to Annex II Parties, this would include measures to implement Article 4.3, 4.4 and 4.5.
3. In accordance with Articles 4 and 12, a communication should address all anthropogenic emissions and removals of all greenhouse gases not controlled by the Montreal Protocol.

#### Cross-cutting issues

4. Quantitative data related to inventories and projections of greenhouse gas emissions and removals should be presented on a gas-by-gas basis in units of mass (Gg) with emissions by sources listed separately from removals by sinks, except in cases where it is technically impossible to separate information on sources and sinks in the area of land-use change and forestry.
5. In addition to communicating emissions in units of mass, Parties may choose also to use global warming potentials (GWPs) to reflect their inventories and projections in carbon dioxide-equivalent terms using information provided by the Intergovernmental Panel on Climate Change (IPCC) in its Second Assessment Report. Any use of GWPs should be based on the effects of the greenhouse gases over a 100-year time horizon. In addition, Parties may also use other time horizons.
6. Taking into account the provisions of Article 4.2(b), the year 1990 should be the base year for inventories<sup>1</sup>. The provisions of Article 4.6 are relevant in this context for the Parties included in Annex I undergoing transition to a market economy, and those Parties in their communications should propose to the COP the kind of flexibility they are seeking according to that Article.

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<sup>1</sup> In accordance with the decisions of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change at its eighth session.

7. The transparency of national communications is fundamental to the success of the process for the communication and consideration of information. This transparency is particularly important for inventories of emissions and removals of greenhouse gases and for projections and assessments of the effects of measures.
8. When national communications present quantitative data related to inventories and projections of greenhouse gas emission and removal levels, the level of uncertainty associated with these data and underlying assumptions should be discussed qualitatively and, where possible, quantitatively.
9. Parties should provide additional relevant background information to the secretariat, if possible, but not necessarily, in a working language of the secretariat. Such information should include documentation on emission factors used, activity data, and other relevant assumptions, as well as technical reports on the projections analysis.
10. When reporting on policies and measures and projections, Parties may refer to the "Methods for assessment of mitigation options" (chapter 27) and appendices 1-4, contained in "Climate Change 1995: IPCC Second Assessment Report, Volume III, Scientific-Technical Analyses of Impacts, Adaptations and Mitigation of Climate Change: contribution of Working Group II of the IPCC".

#### Inventories

11. Article 12.1(a) requires that communications include a national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol. At a minimum, information should be provided on the following greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and sulphur hexafluoride (SF<sub>6</sub>). Parties should also provide information on the indirect greenhouse gases carbon monoxide (CO), nitrogen oxides (NO<sub>x</sub>) and non-methane volatile organic compounds (NMVOCs), and are encouraged to provide data on sulphur oxides. As new gases with significant global warming potentials are identified, they should be included in the communications. Where methodological or data gaps exist, information should be presented in a transparent manner.
12. If Parties carry out any adjustments to inventory data, for example for climate variations or trade patterns in electricity, these adjustments should be reported in a transparent manner, with clear indications of the method followed. Both adjusted and unadjusted data should be provided.
13. Parties should also provide greenhouse gas inventory information for years subsequent to 1990. Data should be provided for each year (where appropriate, updated) for the period 1990-1994 and, where available, for 1995, for the second national communication. Subsequent national communications should provide data from 1990 and up to three years

prior to the submission year, and, if possible, later years. If possible, data should also be provided in an electronic version which is compatible with the requirements of the secretariat.

14. The IPCC Guidelines for National Greenhouse Gas Inventories should be used in estimating, reporting and verifying inventory data. These inventory guidelines offer a default methodology available to any country that wishes to use it. Countries that already have an established and comparable methodology could continue to use that methodology, provided that they include sufficient documentation to back up the data presented. For Parties using the CORINAIR methodology or other "bottom-up" approaches, this would entail providing activity data and disaggregated emission factors as well as details of the correspondence between the IPCC source categories and those of the CORINAIR or other "bottom-up" approach used. Standard tables and formats recommended in the IPCC Guidelines for National Greenhouse Gas Inventories should be used for presentation of data.

15. With regard to possible double counting or non-counting of emissions, Parties should provide a brief description of how feedstocks have been considered in the industrial processes source category of the inventory, in particular in the production of iron and steel and non-ferrous metals, and in the chemical and petro-chemical industry. Parties should also provide a brief explanation of the way in which CO<sub>2</sub> emissions in the waste source category have been considered, in particular indicating whether the IPCC methodology has been followed in excluding CO<sub>2</sub> emissions from organic waste combustion or aerobic decomposition of biogenic products and including emissions from fossil-fuel based products (plastics and hydrocarbons).

16. To ensure transparency, enough information should be provided to allow the reconstruction of the inventory from national activity data, emission factors and other assumptions, and to assess the results. Annex I Parties should follow the IPCC Guidelines for National Greenhouse Gas Inventories with respect to the presentation of methodologies, activity data, emission factors and other assumptions. Standard data tables do not provide the level of detail necessary to enable the reconstruction of an inventory. In this connection, IPCC worksheet 1.1, or other equivalent documentation, indicating the assumptions used to estimate CO<sub>2</sub> emissions from fuel combustion, in line with the IPCC Reference Approach, should be provided.

17. In providing information on emissions from international aviation and marine bunker fuels, and in accordance with the IPCC Guidelines for National Greenhouse Gas Inventories, Parties should include such data, in a separate category, in their inventories of emissions on the basis of fuel sold and should, as far as possible, not include them in total national emissions.

18. If Parties wish in addition to present their inventory data in other forms, *inter alia*, greenhouse gas emissions per capita, this information could be provided in a section of the national communication dealing with basic data (national circumstances). If possible, it would

also be desirable to include some information on historical trends (for example, emissions and removals over the period 1970-1990) so as to put the inventory information in context.

19. In providing information on sequestration and emissions of carbon in the land-use change and forestry sector, as well as in agricultural soils, Parties should provide the information in the worksheets provided in the IPCC Guidelines for National Inventories, or equivalent documentation. Emissions of other greenhouse gases associated with these activities should also be listed, as appropriate. Historical trends should be included where available. Even if Parties do not use the IPCC default methodology, the results should be presented using the IPCC reporting format.

#### Policies and measures

20. Article 12.2 requires Annex I Parties to communicate information on policies and measures they have adopted to implement their commitments under Article 4.2(a) and (b). The national communications should describe all of a Party's policies and measures implemented or committed to that the Party believes contribute significantly to its efforts to reduce emissions and enhance sinks of greenhouse gases. These actions need not have as a primary objective the limitation of greenhouse gas emissions.

21. Parties are also encouraged to provide information on actions implemented by regional and local governments or the private sector, ensuring that double-counting is avoided. However, some aggregation may be appropriate to maximize the utility of such information. The communications could also note policies and measures that have been adopted in the context of international or regional efforts towards coordination, as appropriate, of economic and administrative instruments in accordance with Article 4.2(e)(i).

22. The overall policy context for the policies and measures adopted should be presented. This could include reference to other relevant policies as well as elaboration of national greenhouse gas targets.

23. Communications of policies and measures should be organized by gas and by sector. This should, to the extent possible, be consistent with the categories set out in the IPCC Guidelines for National Greenhouse Gas Inventories. Wherever possible the description and evaluation of each policy and measure should examine reductions in all of the relevant gases listed in paragraph 11. Their description should, in principle, be structured along the following lines, as appropriate:<sup>2</sup>

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<sup>2</sup> Parties need include only those sectors where they have specific policies or measures to describe. Sectors might be further disaggregated, or other sectors added, as appropriate. Impacts of policies and measures should be included under each appropriate gas and sector. They need be described only once, where they have the most significant impact, with appropriate cross-references.

Carbon dioxide

- Cross-sectoral
- Energy and transformation industries
- Transport
- Industry (energy-related)
- Industry (non-energy)
- Residential, commercial and institutional
- Fugitive fuel emissions
- Agriculture
- Land-use change and forestry

Methane

- Waste management (including sewage treatment)
- Agriculture (non-energy)
- Fugitive fuel emissions
- Industry (non-energy)
- Industry (energy-related)
- Land-use change and forestry

Nitrous oxide

- Industry (non-energy)
- Industry (energy-related)
- Agriculture (non-energy)
- Transport
- Energy and transformation industries
- Land-use change and forestry

Other greenhouse gases and precursors<sup>3</sup>

- Transport
- Energy and transformation industries
- Industry (non-energy)
- Industry (energy-related)
- Residential, commercial and institutional
- Land-use change and forestry
- Solvent and other product use
- Waste management (including sewage treatment)

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<sup>3</sup> Other greenhouse gases might be disaggregated if appropriate.

24. To facilitate transparency, enough detail should be provided about each individual policy and measure described in the text of the national communication to allow a third party to understand the action's objective and degree of implementation, as well as how the greenhouse gas effects of the action will be monitored over time. The following information should be included in the description of individual policies and measures:

- (a) Objective(s) of the measure in terms of the gas(es) and sector(s) targeted;
- (b) Type of policy instrument used by the measure (e.g. economic instrument, regulation or guideline, voluntary agreement, information, education and training, research and development related to mitigation measures);
- (c) How the policy or measure interacts with other policies and measures described;
- (d) Status of implementation of, and/or commitment to, the policy or measure. (This should, where appropriate, make reference to a section of the national communication related to national circumstances that describes the policy-making process in the country or organization);
- (e) How the measure is expected to function or is functioning;
- (f) Monitoring through intermediate indicators of progress for policies and measures. (These may be related to legislative processes, emissions-related activities or the broader objectives of the policies and measures);
- (g) A quantitative estimate of the mitigation impact of the policy or measure or, if unavailable, a ranking of individual policies and measures according to their relative importance in mitigation; and
- (h) Information (including details of the calculation methodologies) relating to the cost of the policy or measure, to the extent possible.

Parties should use table 1 in Appendix III and to summarize the information provided on policies and measures, with all fields of the table completed, to the extent possible.

25. Parties should report on action taken to implement commitments under Article 4.2(e)(ii) of the Convention, which requires that Parties identify and periodically review their own policies and practices which encourage activities that lead to greater levels of anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol than would otherwise occur. Parties should also provide the rationale for such actions in the context of their national circumstances.

26. Under Article 12.1(b), Parties may also briefly describe in a separate section of the national communication, policies and measures under consideration that have not yet been adopted.

Activities implemented jointly

27. Bearing in mind that a separate and distinct process for reporting on activities implemented jointly has been established by decision 5/CP.1 of the COP, and by the adoption by the SBSTA at its second session of the initial framework for reporting activities implemented jointly, Parties may wish to include relevant summary information on activities implemented jointly.

Projections and assessment of effects of measures

28. In accordance with Article 4.2(b), national communications should include a projection of future greenhouse gas emission and removal levels. The projection should, to the extent possible, incorporate the effects of policies and measures that are implemented or committed to when the national communication is produced (that is, a "with measures" scenario). In the interest of transparency, Parties should include baseline projections, indicating, using Table 1, which measures are included and which measures are additional to these baseline projections.

29. At a minimum, projections would be made of future emissions and removals of the following greenhouse gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, PFCs, HFCs and SF<sub>6</sub>. Parties are encouraged to provide projections of the indirect greenhouse gases CO, NO<sub>x</sub> and NMVOCs, as well as sulphur oxides. Where methodological or data gaps exist, information should be presented in a transparent manner.

30. The Convention requires that Parties provide information on projected anthropogenic emissions by sources and removals by sinks (Article 4.2(b)) as well as specific estimates of the effects of policies and measures on those levels (Article 12.2(b)). An effective process for the consideration of such information requires that such projections be provided for at least one common reference year. Taking account of the time period specified in Article 4.2(a), data should be provided for the year 2000. In view of the objective of the Convention and the intent to modify longer-term trends in emissions, Parties should also include projections on a quantitative basis for the years 2005 and 2010, and should make their best efforts to provide estimates for 2020, recognizing that uncertainties will vary from gas to gas and will be greater in more distant years.

31. While Parties should present the projection on a gas-by-gas basis, as indicated in paragraph 4 above, they should also disaggregate the results by sector.

32. Parties should summarize the projections data in accordance with the categorization in the summary tables of the IPCC Guidelines on National Greenhouse Gas Inventories, using tables 2 to 7 in appendix III.

33. Parties are encouraged to include separately projections of emissions from international bunker fuels and/or provide information which will facilitate international projections of bunker fuel emissions.

34. Parties are encouraged to present projections from levels of emissions in 1990 -- or other base years for some Annex I Parties with economies in transition -- that are consistent with base year inventory data. Any differences should be explained.

35. In accordance with Article 12.2(b), national communications should provide a specific estimate of the total effect on greenhouse gas emissions and removals of policies and measures. This specific estimate should, to the extent possible, take into account all policies and measures implemented or committed to (as outlined in paragraph 20).

36. In addition, Parties should, wherever possible, provide estimates of the effect of individual policies and measures on future greenhouse gas emissions and removals. This section could also describe the effects of the sequence of the implementation of policies and measures or the effects of a combination of instrument types or synergies with other measures. Parties may also describe the mechanisms that lead to reductions, as well as how they arrived at their estimates.

37. In the interests of transparency, when projecting greenhouse gas emissions and removals, and estimating the specific and total effect of policies and measures on emissions and removals, Parties should:

(a) Be free to use the model(s) and/or approach(es) they are most familiar with and which, in their view, provide the most accurate results;

(b) Provide enough information to allow a third party to obtain a qualitative understanding of the model(s) and/or approach(es) used and their relationship to each other;

(c) Summarize strengths and weaknesses of the model(s) and/or approach(es) used and provide an indication of their scientific and technical credibility; and

(d) Ensure that the model(s) and/or approach(es) used account for any overlap or synergies that may exist between different policies and measures.

38. To ensure transparency, national communications should include enough information to provide a third party with a quantitative understanding of the key assumptions used to develop projection(s) of greenhouse gas emissions and removals and estimate(s) of the total effects of policies and measures on emissions and removals. Taking into account paragraph 6 above, values of key variables should be clearly presented for the base year and values of key assumptions for 2000, and for other years preferably 1995, 2005, 2010 and 2020. Parties should also provide information for the base year and 2000 on other key outputs of the model(s) and/or approach(es) used. This could include, *inter alia*, projected energy balances.

Parties should, to the extent possible, summarize key variables and assumptions by completing table 8 in appendix III. In addition, Parties may draw upon the illustrative lists of possible key assumptions and outputs included in appendix I.

39. If, in the projections analysis, Parties carry out any adjustments to base year emissions, for example for climate variations or trade patterns in electricity, these adjustments should be reported in a transparent manner, with clear indications of the method followed. Both adjusted and unadjusted data should be provided.

40. When providing a qualitative discussion of the uncertainty associated with the results of projections and specific estimates of effects (see paragraph 10 above), Parties are encouraged to present the findings of sensitivity analyses illustrating how the results would be affected by changes in key assumptions.

#### Vulnerability assessment and adaptation measures

41. A communication should review briefly the expected impacts of climate change for the Party concerned and outline the actions taken to implement Article 4.1(b) and (e) with regard to adaptation. Parties are encouraged to use the IPCC Technical Guidelines for Assessing Climate Change Impacts and Adaptations. Parties could refer, *inter alia*, to integrated plans for coastal zone management, water resources and agriculture. Parties are also encouraged to report on specific results of scientific research in the field of vulnerability assessment and adaptation.

#### Financial resources and transfer of technology and know-how:

42. According to Article 12.3, Annex II Parties shall provide separately detailed information on the activities undertaken in 1994, 1995 and, if available, in 1996 to give effect to each of their different commitments under Article 4.3, 4.4, and 4.5, as follows:

(a) indicate what "new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1" have been provided. They shall indicate clearly how they have determined resources as being "new and additional";

(b) provide, to the extent possible, detailed information on the provision of financial resources to meet the agreed full incremental costs incurred by developing countries in their implementation of measures covered under Article 4.1 of the Convention;

(c) provide detailed information on the assistance provided for the purpose of assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation to those adverse effects;

(d) provide detailed information on measures taken to promote, facilitate and finance, as appropriate, access to, or transfer of, environmentally sound technologies<sup>4</sup> and know-how to other Parties, particularly developing country Parties; and

(e) report, to the extent possible, separately their activities for the financing of access by developing countries of "hard" or "soft" environmentally sound technologies, with reference to Table 11 in Appendix III to this decision.

43. Parties shall, when reporting activities related to the promotion, facilitation and financing of access to or transfer of environmentally sound technologies, clearly distinguish between activities undertaken by the public sector and by the private sector. Noting the need to be flexible in reporting private sector activities, Parties should indicate in what way activities by the private sector help meet the commitments of Parties under Article 4.3, 4.4 and 4.5 of the Convention.

44. When communicating information on the provision of financial resources, Annex II Parties shall distinguish between financial contributions to the interim operating entity of the financial mechanism, to regional and other multilateral institutions and programmes, and financial resources provided through bilateral channels to other Parties. These Parties should complete tables 9a, 9b, 10a and 10b contained in appendix III.

#### Research and systematic observation

45. Pursuant to Articles 4.1(g), 5 and 12.1(b), Annex I Parties should communicate information on their actions relating to research and systematic observation. This could include, *inter alia*, information on:

- (a) Research on the impacts of climate change;
- (b) Modelling and prediction, including global circulation models;
- (c) Climate process and climate system studies;
- (d) Data collection, monitoring and systematic observation, including data banks;

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<sup>4</sup> The term "transfer of technology", as used in this note, encompasses practices and processes such as "soft" technologies, for example, capacity building, information networks, training and research, as well as "hard" technologies, for example, equipment to control, reduce or prevent anthropogenic emissions of greenhouse gases in the energy, transport, forestry, agriculture, and industry sectors, to enhance removals by sinks, and to facilitate adaptation.

- (e) Socio-economic analysis, including both of the impacts of climate change and of response options; and
- (f) Technology research and development.

46. The communications could address both domestic programmes and international programmes, (for example, the World Climate Programme and the International Geosphere-Biosphere Programme) and the IPCC. They should also reflect actions taken to support related capacity building in developing countries.

47. The communications should be limited to reporting on actions undertaken rather than the results of such efforts. For example, the results of research studies or model runs should not be included in this section.

#### Education, training and public awareness

48. In accordance with Articles 4.1(i), 6 and 12.1(b), Annex I Parties should communicate information on their actions relating to education, training and public awareness. This would include information on relevant domestic programmes and participation in international activities. For example, the extent of public participation in the preparation or domestic review of the national communication could be reflected.

#### Special considerations

49. Some Annex I Parties may, in the context of their communications, seek to be accorded "flexibility" or "consideration", in accordance with Article 4.6 and 4.10 of the Convention. If this were to be the case, those Parties should be expected to state clearly the special consideration they were seeking and to provide an adequate explanation of their circumstances.

#### Basic data (national circumstances)

50. Although not explicitly required by the Convention, a Party may wish to provide other information relevant to its greenhouse gas emission/removal profile. This would permit readers to put the information on its implementation of the Convention in context, could help to explain certain trends and would provide data valuable in the analysis and aggregation of the submissions. The information would tend to be "historical" in character, although the appropriate time period would vary from country to country. Relevant information could include the following:

- (a) Population profile, for example, growth rates, population density and distribution, with some historical perspective (e.g., 1970-1990), and greenhouse gas emission per capita;

- (b) Geographic profile;
- (c) Climatic profile, for example, data on heating and cooling degree days and rainfall;
- (d) Economic profile, for example, gross domestic product (GDP), GDP per capita (expressed in domestic currency and purchasing power parities (PPP)), GDP growth rates, GDP by sector, and imports and exports, agricultural subsidies, with some historical perspective (e.g., 1970-1990), and greenhouse gas emissions per GDP;
- (e) Energy profile, for example, energy prices, energy taxes, energy subsidies, vehicle taxes, fuel taxes, electricity prices, information on the market structure of electricity, natural gas, coal and oil markets, energy consumption (by sector, fuel type, per capita, per unit of GDP), domestic production of energy as proportion of total domestic energy consumption, energy intensity and 1990 energy pricing for commercial and non-commercial consumers (including taxes), with some historical perspective (e.g., 1970-1990);
- (f) Social profile, for example, information such as average dwelling size, number of vehicles per capita and per family unit, and personal and freight traffic (billions km/person) by type (air, rail, road and public/private);
- (g) For sectors emitting large quantities of greenhouse gases, an outline of which level of Government has responsibility for implementing which policies and measures that impact on greenhouse gas emissions; and
- (h) Information relating to the application of and experience with indicators for performance in greenhouse gas mitigation. Such indicators might address overall national performance and sectoral/sub-sectoral performance.

51. Parties are encouraged to report emission estimates associated with exports of electricity in a separate category. Parties are also encouraged to report on the national generation from all sources by fuel and estimates of the average transmission losses. Exporting and importing countries are encouraged to report on the annual aggregate quantity of electricity trade in kilowatt hours, as well as to whom electricity was sent and the associated quantities (including associated transmission losses).

#### Structure and executive summary

52. The minimum set of information identified in these guidelines should be communicated by a Party to the COP in a single document. Any additional or supporting information may be supplied in the main document or through other documents such as a technical annex.

53. A communication should include an executive summary that would present the key information and data from the full document. The executive summaries will be translated and

distributed widely. In view of the limits on translation, it would be useful to envisage an executive summary of no more than 10 pages.

54. Parties are encouraged to organize the information communicated according to the indicative outline provided in appendix II.

#### Language

55. National communications may be submitted in one of the working languages of the United Nations. This would be without prejudice to the ulterior determination of official and working languages for the COP and the subsidiary bodies and for the Convention secretariat. Annex I Parties are also encouraged to submit, to the extent possible and where relevant, a translation of their communication into English.

#### Length

56. The length of a communication should be decided by the submitting Party. Every effort should be made to avoid overly lengthy communications in order to reduce the paper burden and to facilitate the consideration process. Parties are encouraged to provide electronic versions of communications which are compatible with the requirements of the secretariat.

### Appendix I

#### Examples of key assumptions that may be required to project greenhouse gas emissions and removals or to estimate the specific effects of policies and measures and their costs

- GDP level (national currency) and annual growth rate (consistent with economic forecasts of the Party)
- Assumptions on exchange rates between the domestic currency and the United States dollar
- Population level (millions) and compound annual growth rate
- Interest rate and public sector discount rate where available
- Annual rate of autonomous energy efficiency improvement in total and by sector
- Total housing, including turnover (number of dwellings)
- Commercial floor space, including turnover (thousands of square kilometres)
- Vehicle-kilometres travelled by vehicle type (thousands)
- Policy context (description of significant measures that reduce emissions or enhance removals that have been incorporated in the projection, as well as how they were incorporated)
- Rate of penetration and absolute levels of use of new end-use technologies

#### Examples of other key outputs that may be produced when projecting greenhouse gas emissions and removals or estimating the specific effects of policies and measures

- Primary energy production by fuel type (petajoules)
- Primary energy demand by fuel type, as well as electricity (petajoules)
- Energy demand by sector (petajoules)
- Final energy consumption by end-use (petajoules)
- Head of livestock (thousands by species)
- Rice cultivation (area cultivated in hectares)
- Nitrogen fertilizer and manure use (tonnes of nitrogen)
- Forest area cleared (thousands of hectares)
- Waste landfilled (tonnes)
- Waste water biochemical oxygen demand (kg)
- Energy imports/exports (petajoules)
- Primary energy per unit of production in the industrial and commercial sectors
- Energy consumption per square metre in the residential and commercial sectors
- Primary energy for transport (per tonne-km or passenger-km)
- Electricity and heat produced per unit of fuel used in thermal power stations

Appendix II

Indicative outline for presentation of information in communications

1. Executive summary
2. Introduction
3. National circumstances
4. Inventories of anthropogenic greenhouse gas emissions and removals
5. Policies and measures
6. Projections and effects of policies and measures
7. Expected impacts of climate change and vulnerability assessment
8. Adaptation measures
9. Financial assistance and technology transfer
10. Research and systematic observation
11. Education, training and public awareness

Appendix IIITable 1. Summary of policies and measures: CO<sub>2</sub>

Name of policy / measure <sup>1</sup>	Type of instrument	Objective and/or Method of achieving reduction (including description of how effects take place)	Sector	Status of implementation (planned / implemented; legislation passed or not; status of funding)	Estimate of mitigation impact				Monitoring: intermediate indicator of progress
					2000	2005	2010	2012	
1.									
2. etc.									

<sup>1</sup> Parties should use an asterisk (\*) to indicate that a measure is not included in the baseline projection.

Similar tables should be completed for CH<sub>4</sub>, N<sub>2</sub>O, NO<sub>x</sub>, NMVOCs, CO, PFCs, SF<sub>6</sub> and HFCs, noting that if Parties do not provide projections for NO<sub>x</sub>, NMVOCs and CO, they need not complete the columns on "estimate of mitigation impact" in the tables relating to these gases.

Table 2. Summary of projections of anthropogenic emissions of CO<sub>2</sub> (gigagrams)

	1990	1995	2000	2005	2010	2020
Fuel combustion: energy and transformation industries						
Fuel combustion: industry						
Fuel combustion: transport						
Fuel combustion: other						
Other						
Total						

Table 3. Summary of projections of removals of CO<sub>2</sub> by sinks and reservoirs (gigagrams)

	1990	1995	2000	2005	2010	2020
Agriculture						
Land-use change and forestry						
Other						
Total removals						

Table 4. Summary of projections of anthropogenic emissions of CH<sub>4</sub> (gigagrams)

	1990	1995	2000	2005	2010	2020
Fuel combustion						
Fugitive emissions from fuels						
Industrial processes						
Enteric fermentation						
Animal wastes						
Rice cultivation						
Waste						
Other						
Total						

Table 5. Summary of projections of anthropogenic emissions of N<sub>2</sub>O (gigagrams)

	1990	1995	2000	2005	2010	2020
Transport						
Other energy sources						
Industrial processes						
Agriculture						
Waste						
Other						
Total						

Table 6. Summary of projections of anthropogenic emissions of other greenhouse gases (gigagrams)

	1990	1995	2000	2005	2010	2020
SF <sub>6</sub>						
HFCs						
PFCs						
other (specify)						

Table 7. Summary of projections of anthropogenic emissions of precursors and SO<sub>x</sub> (gigagrams)

	1990	1995	2000	2005	2010	2020
CO						
NO <sub>x</sub>						
NMVOCs						
SO <sub>x</sub>						

Table 8. Summary of key variables and assumptions in the projections analysis

	1990	1995	2000	2005	2010	2020
World coal prices (US\$/ton)						
World oil prices (US\$/bbl)						
Domestic energy prices (by fuel type and for electricity) for different relevant sectors (e.g. residential, commercial and institutional; industry; transport)						
GDP (domestic currency)						
Population (millions)						
New vehicle efficiency (by vehicle type) (litres/100km)						
Average vehicle km travelled						
Primary energy demand (Petajoules)						
Index of manufacturing production (1990=100)						
Index of industrial production (1990=100)						
Other						

Table 9a. Financial contributions to the operating entity or entities of the financial mechanism, regional and other multilateral institutions and programmes

	Contributions (millions of US dollars)		
	1994	1995	1996*
Global Environment Facility			
Multilateral institutions			
1. World Bank 2. International Finance Corporation 3. African Development Bank 4. Asian Development Bank 5. European Bank for Reconstruction and Development 6. Inter-American Development Bank 7. United Nations Development Programme 8. Other a) b) c)			
Multilateral scientific programmes			
1. 2. 3. 4. 5.			
Multilateral technology programmes			
1. 2. 3. 4. 5.			
Multilateral training programmes			
1. 2. 3. 4. 5.			

\* if available

Table 9b. New and additional financial contributions to the operating entity or entities of the financial mechanism, regional and other multilateral institutions and programmes

	Contributions (millions of US dollars)		
	1994	1995	1996*
Global Environment Facility			
Multilateral institutions			
1. World Bank			
2. International Finance Corporation			
3. African Development Bank			
4. Asian Development Bank			
5. European Bank for Reconstruction and Development			
6. Inter-American Development Bank			
7. United Nations Development Programme			
8. Other			
a)			
b)			
c)			
Multilateral scientific programmes			
1.			
2.			
3.			
4.			
5.			
Multilateral technology programmes			
1.			
2.			
3.			
4.			
5.			
Multilateral training programmes			
1.			
2.			
3.			
4.			
5.			

\* if available

Table 10a. Bilateral financial contributions related to the implementation of the Convention, 1994 (millions of US dollars)

Recipient country	Mitigation						Adap-tation	Other*
	Energy	Transport	Forest	Agriculture	Waste management	Industry		
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20. All other								

\* For greenhouse gas inventories, as under Article 4.1(a).

Similar tables should be completed for 1995 and, if available, for 1996.

Table 10b. New and additional bilateral financial contributions related to the implementation of the Convention, 1994 (millions of US dollars)

Recipient country	Mitigation						Adap-tation	Other *
	Energy	Transport	Forest	Agriculture	Waste management	Industry		
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20. All other								

\* For greenhouse gas inventories, as under Article 4.1(a).

Similar tables should be completed for 1995 and, if available, for 1996.

Table 11. Projects or programmes that promote, facilitate and/or finance transfer of or access to "hard" and "soft" technologies

Project / programme title:			
Purpose:			
Recipient country	Sector	Total funding	Years in operation
Description:			
Ministry or company, contact person, address and phone number:			
Impact on greenhouse gas emissions/sinks (optional):			

This table should also be used to provide a detailed description of selected private sector projects or programmes that promote, facilitate and/or finance transfer of or access to "hard" and "soft" technologies in 1994, 1995 or, if available, in 1996, as described in paragraph 42 (e) of this annex.

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CONFERENCE OF THE PARTIES

Second session

Geneva, 8-19 July 1996

Agenda item 5 (c)

**REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND  
OF DECISIONS OF THE FIRST SESSION OF THE CONFERENCE  
OF THE PARTIES**

**DEVELOPMENT AND TRANSFER OF TECHNOLOGIES  
(ARTICLE 4.1(c) AND 4.5)**

**Recommendation of the Subsidiary Body for Scientific and Technological  
Advice and the Subsidiary Body for Implementation**

The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their third sessions, decided to recommend the following draft decision for adoption by the Conference of the Parties at its second session:

**Development and transfer of technologies**

*The Conference of the Parties,*

*Recalling* the relevant provisions of chapter 34 of Agenda 21 on "Transfer of environmentally sound technology, cooperation and capacity-building",

*Recalling also* its decision 13/CP.1 on transfer of technology,

*Pursuant* to the relevant provisions of the United Nations Framework Convention on Climate Change, in particular, Articles 4.1, 4.4, 4.5, 4.7, 4.8, 4.9, 9.2 and 11.1,

GE.96-63037

*Having considered* the progress report presented by the Convention secretariat on commitments related to the transfer of environmentally sound technologies and know-how, as well as the inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to mitigating and adapting to climate change,

*Taking note* of paragraph 46 of document FCC/CP/1996/12, wherein it is stated that the information on transfer of technology from Annex II Parties "differed considerably in format, thoroughness and level of detail and consequently a comprehensive portrayal of technology transfer activities is not possible at this stage,"

*Expressing concern* over the slow progress in the implementation of decision 13/CP.1.

1. *Reaffirms* the full text of decision 13/CP.1 on transfer of technology;
2. *Requests* the Convention secretariat:

(a) To further enhance its progress reports on access to and the transfer of environmentally sound technology in accordance with decision 13/CP.1, paras. 1 (a) and (b) and 2 (a) and (b), and Article 4.5 of the Convention, based on the national communications from Parties included in Annex I to the Convention due in April 1997; and to make suggestions with regard to further improvements in the format for information on existing environmentally sound technologies and know-how from Parties included in Annex I to the Convention;

(b) To give high priority to the development and completion of a survey of the initial technology needs, as well as technology information needs, of Parties not included in Annex I to the Convention, with a view to providing a progress report to the Subsidiary Body for Scientific and Technological Advice at its fourth session;

(c) To initiate action, including consultations with Parties and relevant international organizations, *inter alia*, taking into account the ongoing work of the Climate Technology Initiative, to identify existing technology information activities and needs, with a view to developing options for building on existing specialized information centres and networks to provide fast and one-stop databases relating to state-of-the-art, environmentally sound and economically feasible technology and know-how in a manner that would be readily accessible to developing countries. The options should consider the need and resources required for improving existing, and setting up additional, technology information centres and networks;

(d) To expedite the preparation of reports on adaptation technology and the terms of transfer of technology and know-how conducive to mitigating and adapting to climate change, and, in preparing these reports, to draw on nominees with expertise in these fields from Parties. Such a roster and its use in facilitating the work of the Convention secretariat

should be evaluated by the Subsidiary Body on Scientific and Technological Advice and the Subsidiary Body for Implementation, taking into account the ongoing discussion on Intergovernmental Technical Advisory Panel(s);

(e) To organize a round table on transfer of technologies and know-how in conjunction with the third session of the Conference of the Parties;

3. *Requests* the Subsidiary Body for Implementation to evaluate and report on the transfer of technologies being undertaken between Parties included in Annex II to the Convention and other Parties, and to do so by drawing on a roster of experts as referred to above, and to take into account the planned technical report of the Intergovernmental Panel on Climate Change on methodological and technical aspects of technology transfer;

4. *Urges:*

(a) Parties included in Annex II to the Convention to include in their national communications the measures taken for the transfer of technology in order to enable the Convention secretariat to compile, analyse and submit the relevant reports to each session of the Conference of the Parties;

(b) Other Parties to include in their communications, where possible, information on measures taken for the transfer of technology in order to enable the Convention secretariat to compile, analyse and then submit the above mentioned documents to each session of the Conference of the Parties;

(c) Parties included in Annex II to the Convention to expedite their efforts in the transfer of technology in fulfilment of their commitments under Article 4.5 and in recognition of Article 4.7 of the Convention;

(d) All Parties, particularly those included in Annex II to the Convention, to improve the enabling environment, including the removal of barriers and the establishment of incentives, for private sector activities that advance the transfer of technologies to address climate change and its adverse impacts;

(e) Parties included in Annex I to the Convention to contribute technical and other expertise to the work of the Convention secretariat related to specialized technology information centres;

(f) In this context, Parties not included in Annex I to the Convention to cooperate with the Secretariat in the survey of technology needs and capacities to the extent their own capacities permit and based on their current national assessments;

(g) Parties not included in Annex I to the Convention to communicate initial information to the Convention secretariat not later than 1 December 1996 regarding

technologies and know-how required to address climate change and its adverse effects that could be compiled by the secretariat into a detailed list of technology needs required by developing country Parties, taking into account that more elaborate technology needs would be included in their initial national communications; and

5. *Decides* to review, at the third session of the Conference of the Parties, and at each session of the Conference of the Parties thereafter, the implementation of Article 4.5 and 4.1(c) of the Convention as a separate agenda item under "matters relating to commitments".

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Agenda item 5

**REVIEW OF THE IMPLEMENTATION OF THE CONVENTION AND  
OF DECISIONS OF THE FIRST SESSION OF THE  
CONFERENCE OF THE PARTIES**

**Ministerial Declaration**

The Ministers and other heads of delegations present at the second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change,

**Noting** that this, our meeting at Ministerial level under the Convention, is a demonstration of our intention to continue to take an active and constructive role in addressing the threat of climate change,

1. Recall Article 2 of the Convention; the principles of equity and of common but differentiated responsibilities and respective capabilities in Article 3.1 of the Convention; and the provisions of Article 3.3 concerning precautionary measures; as well as the specific national and regional development priorities, objectives and circumstances of the Parties to the Convention;

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\* This text was introduced by the President at the 6th plenary meeting, on 18 July.

2. **Recognize and endorse** the Second Assessment Report of the IPCC as currently the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available. Ministers believe that the Second Assessment Report should provide a scientific basis for urgently strengthening action at the global, regional and national levels, particularly action by Annex I Parties to limit and reduce emissions of greenhouse gases, and for all Parties to support the development of a Protocol or another legal instrument; and note the findings of the IPCC, in particular the following:

- The balance of evidence suggests a discernible human influence on global climate. Without specific policies to mitigate climate change, the global average surface temperature relative to 1990 is projected to increase by about 2C (between 1C and 3.5C) by 2100; average sea level is projected to rise by about 50 centimetres (between 15 and 95 centimetres) above present levels by 2100. Stabilisation of atmospheric concentrations at twice pre-industrial levels will eventually require global emissions to be less than 50 per cent of current levels;
- The projected changes in climate will result in significant, often adverse, impacts on many ecological systems and socio-economic sectors, including food supply and water resources, and on human health. In some cases, the impacts are potentially irreversible; developing countries and small island countries are typically more vulnerable to climate change;
- Significant reductions in net greenhouse gas emissions are technically possible and economically feasible by utilising an array of technology policy measures that accelerate technology development, diffusion and transfer; and significant no regrets opportunities are available in most countries to reduce net greenhouse gas emissions;

3. **Believe** that the findings of the Second Assessment Report indicate that the continued rise of greenhouse gas concentrations in the atmosphere will lead to dangerous interference with the climate system, given the serious risk of an increase in temperature and particularly the very high rate of temperature change;

4. **Recognize** also the need for continuing work by the IPCC to further reduce scientific uncertainties, in particular regarding socio-economic and environmental impacts on developing countries, including those vulnerable to drought, desertification or sea-level rise;

5. **Reaffirm** the existing commitments under the Convention, including those intended to demonstrate that Annex I Parties are taking the lead in modifying longer-term trends in emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, and agree to strengthen the process under the Convention for the regular review of the implementation of present and future commitments;

6. **Take note** that Annex I Parties are fulfilling their commitments to implement national policies and measures on the mitigation of climate change. **Also take note** that this is not the only commitment that Annex I Parties have made and that many of these Parties need to make additional efforts to overcome difficulties that they face in achieving the aim of returning their emissions of greenhouse gases to 1990 levels by 2000;

7. **Acknowledge** the considerable work done by the Ad Hoc Group on the Berlin Mandate (AGBM) since the first session of the Conference of the Parties, including the substantive proposals presented by a number of Parties, and **call on** all Parties to come forward with proposals to facilitate substantive negotiations beginning at the fifth session of AGBM in December 1996;

8. **Instruct** their representatives to accelerate negotiations on the text of a legally-binding protocol or another legal instrument to be completed in due time for adoption at the third session of the Conference of the Parties. The outcome should fully encompass the remit of the Berlin Mandate, in particular:

- commitments for Annex I Parties regarding:
  - \* policies and measures including, as appropriate, regarding energy, transport, industry, agriculture, forestry, waste management, economic instruments, institutions and mechanisms;
  - \* quantified legally-binding objectives for emission limitations and significant overall reductions within specified timeframes, such as 2005, 2010, 2020, with respect to their anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol;
- commitments for all Parties on continuing to advance the implementation of existing commitments in Article 4.1;
- a mechanism to allow the regular review and strengthening of the commitments embodied in a Protocol or other legal instrument;
- commitments to a global effort to speed up the development, application, diffusion and transfer of climate-friendly technologies, practices and processes; in this regard, further concrete action should be taken;

9. **Welcome** the efforts of developing country Parties to implement the Convention and thus to address climate change and its adverse impacts and, to this end, to make their initial national communications in accordance with guidelines adopted by the Conference of the Parties at its second session; and **call on** the GEF to provide expeditious and timely support to these Parties and initiate work towards a full replenishment in 1997;

10. **Recognize** that the continuing advancement of existing commitments by developing country Parties, in the context of their national priorities for sustainable development, requires determined and timely action, in particular by Annex II Parties. Access to financial resources and to environmentally-sound technologies consistent with Articles 4.3, 4.4, 4.5 and 4.7 will be most critical;

11. **Thank** the Government of the Swiss Confederation for its contribution to the work of the second session of the Conference of the Parties in Geneva and **look forward** to meeting again at the third session in Kyoto, in 1997, thanks to the generous offer of the Government of Japan.

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UNITED  
NATIONS



Framework Convention on  
Climate Change

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SUBSIDIARY BODY FOR IMPLEMENTATION

Second session

Geneva, 9 - 16 July 1996

Item 4 (a) (i) of the agenda

FINANCIAL AND TECHNICAL COOPERATION

FINANCIAL MECHANISM : GUIDANCE TO THE GLOBAL ENVIRONMENT  
FACILITY

Arrangements between the Conference of the Parties and the  
operating entity or entities of the financial mechanism

Draft decision submitted by the Group of 77 and China

*The Conference of the Parties,*

*Recalling* Article 11.3 of the United Nations Framework Convention on Climate  
Change,

*Recalling also* Articles 12.5, 4.3 and 4.7 of the Convention,

*Bearing in mind* decision 10/CP.1 of the first session of the Conference of the  
Parties and its conclusions reached at its second session,

*Noting* the Report of the Global Environment Facility to the second session of the  
Conference of the Parties (FCCC/CP/1996/8),

*Expressing deep concern* over the difficulties encountered by developing country Parties in receiving the necessary financial assistance from the Global Environment Facility due to, *inter alia*, the GEF operational policies on eligibility criteria, disbursement, project cycle and approval, the application of its concept of incremental costs, and guidelines which impose considerable administrative and financial costs on developing country Parties,

*Expressing also serious concern* over the difficulties encountered by Parties not included in Annex I of the Convention in seeking funds from the GEF, as the interim operating entity of the financial mechanism of the Convention, for the preparations of their initial national communications,

*Decides* that the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention,

1. In the initial period, should finance its strategies on enabling activities which facilitate endogenous capacity-building, and data collection and archiving, consistent with the policy guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties as contained in decision 11/CP.1 of the first session of the Conference of the Parties,

2. In providing the financial resources needed by developing country Parties to meet the agreed full incremental costs in implementing measures covered by Article 4.1 of the Convention, should take steps to facilitate this provision of financial resources, including through the enhancement of the transparency and the simplification of the application of its concept of incremental costs,

3. Should, together with its implementing agencies, expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, in particular the initial and subsequent preparations of national communications of non-annex I Parties. In this regard, the guidelines and format adopted by the Conference of the Parties at its second session on the preparation of initial national communications by non-annex I Parties, contained in decision \_\_\_/CP.2, shall form the only basis for funding of communications from non-annex I Parties under Article 12.1;

4. Should consider country-specific needs, but could also consider approaches which may be used for several countries with similar needs, upon request, and taking into account that the preparation of national communications is a continuing process,

5. *Decides* that the GEF, in funding the preparation of national communications, should refrain from imposing upon recipient countries the financing of other obligations contained in the Convention,

6. Decides also that the GEF should only finance the implementation of commitments on non-annex I countries in an integrated manner upon request by recipient countries; and

7. Requests GEF as the interim operating entity of the financial mechanism, to report to the Conference of the Parties at its third session.

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AD HOC GROUP ON THE BERLIN MANDATE  
Fourth session  
Geneva, 11 - 16 July 1996  
Agenda item 7

**REPORT OF THE AD HOC GROUP ON THE BERLIN MANDATE**

**Draft report of the Ad Hoc Group on the Berlin Mandate  
on its fourth session**

**Addendum**

**Conclusions of the Ad Hoc Group on the Berlin Mandate at its fourth session**

***Item 3: Strengthening the Commitments in Article 4.2(a) and (b)***

1. The Ad Hoc Group on the Berlin Mandate (AGBM) expressed its appreciation to the Chairmen, panelists and participants of the three round-table discussions on (a) policies and measures, (b) quantified emission limitation and reduction objectives, and (c) possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties. The AGBM found the round tables to be very useful, and took note of the reports of the Chairmen of the round tables, which will be included as annexes to the report of the AGBM.

2. The AGBM noted that the elaboration of policies and measures and the development of quantified emission limitation and reduction objectives are linked, and that the final product of its work should reflect both policies and measures on the one hand and quantified emission limitation and reduction objectives on the other.

3. The AGBM renewed its discussion of approaches and criteria for the elaboration of policies and measures. Two general approaches continued to be the main subject of discussion:

(a) A "menu approach", under which the protocol or another legal instrument could provide for a detailed listing of policies and measures, from which Annex I Parties could choose on the basis of their national circumstances. This approach could include appropriate procedures for the communication and review of information; and

(b) A mandatory approach, under which the new legal instrument would require certain common and/or coordinated policies and measures. One proposal is to develop separate annexes setting forth (i) mandatory policies and measures, (ii) coordinated policies and measures, and (iii) optional policies and measures.

Some delegations argued that there was no set of policies and measures appropriate for all Annex I Parties, and that Parties should instead be allowed to choose those policies and measures best suited to their national circumstances. Others contended that some desirable policies and measures would not be undertaken by individual countries unilaterally because of competitiveness concerns, and must be agreed on internationally.

4. A number of criteria were identified for assessing policies and measures, including: their potential to limit greenhouse gas emissions and enhance sinks; their socio-economic and environmental costs and benefits as well as their impact on short- and long-term economic growth, including on developing countries; their political feasibility; and the need for common or coordinated action. A number of informative studies of policies and measures were brought to the attention of the AGBM, including work done by the Annex I Experts Group, as well as proposals from the European Community and its member States for policies and measures to be included in a protocol or another legal instrument.

5. The AGBM noted that a number of key issues still must be addressed regarding quantified emission limitation and reduction objectives (QELROs). These issues include:

- (a) The levels of emissions reductions, and criteria for their choice;
- (b) Whether QELROs should be legally binding or not;
- (c) Whether multi-party or single-party obligations should be pursued;
- (d) What should be the base and target years;
- (e) The socio-economic and environmental costs and benefits for all Parties, including developing country Parties; and
- (f) The effect on atmospheric greenhouse gas concentrations.

6. Several delegations said that the IPCC Second Assessment Report provides scientific support for establishing ambitious QELROs and that significant reductions in greenhouse gas emissions from 1990 levels would be necessary to stabilize atmospheric concentrations of greenhouse gases at a safe level. Several delegations supported the QELRO contained in the AOSIS protocol proposal. Other delegations argued that further work is needed, noting that considerable uncertainties remain regarding the costs and impacts of emission reductions, and that the AGBM must develop realistic, achievable and equitable objectives.

7. A number of delegations emphasized the importance of allowing flexibility in the design and implementation of QELROs. Among the mechanisms suggested to promote flexibility were the following: the comprehensive approach, encompassing all sources and sinks of greenhouse gases; long-range QELROs; QELROs focusing on cumulative emissions over a number of years; and joint implementation and tradeable emission permits among Annex I Parties only.

8. Many delegations expressed support in principle for differentiation of commitments (possibly including the use of different base years), in order to take account of differing national circumstances and to ensure that QELROs would be equitable and economically efficient. Some delegations, however, questioned whether it would be practicable to agree on the criteria and modalities for differentiation within the time-frame for negotiations set forth in decision 1/CP.1, and suggested that the AGBM should instead focus on uniform QELROs. A number of delegations expressed support for a simplified approach to differentiation, under which Annex I Parties would be divided into several groups with different binding commitments for each group. Other proposed approaches to differentiation include the following: (a) differential baseline years; (b) emissions limitations adjusted for population growth and/or emissions embodied in trade; (c) differentiation to achieve equivalent welfare changes between Parties; (d) differentiation based on emissions per capita or per unit GDP; (e) differentiation based on the ratio between renewable energy supply and total energy consumption; (f) differentiation based on a Party's historical contribution to the climate change problem; (g) differentiation based on a Party's projected emission trends; and (h) market-based differentiation using joint implementation or tradeable emission reduction obligations amongst Annex I Parties. The AGBM looked forward to further concrete proposals regarding uniform QELROs, and possible criteria and modalities for differentiation.

9. The importance of considering the possible impact on developing country Parties of the new commitments to be negotiated for Annex I Parties was emphasized by many delegations. Some delegations argued that costs to developing countries of new commitments by Annex I Parties would be high relative to the benefits. The issue of burden sharing should be expanded to include all Parties and to include options to minimize any potential negative impacts on non-Annex I Parties. A number of informative studies on the impacts on developing countries of measures by Annex I Parties were highlighted. Many delegations noted that non-action was not an option, and urged early action by Annex I Parties in order

to avoid negative economic, social and environmental impacts on developing countries in the long term.

10. The AGBM agreed that there should be follow-up to further consider the possible impacts on developing country Parties of new commitments for Annex I Parties. The Chairman undertook to consult with delegations about how this follow-up would be carried out before and during the next session.

*Item 4: Continuing to advance the implementation of Article 4.1*

11. Consideration of this item was deferred until the fifth session.

*Item 5: Possible Features of a Protocol or Another Legal Instrument*

12. Many delegations stressed that the form of the protocol or another legal instrument to be adopted by the Conference of the Parties at its third session should flow from its substance and that the AGBM should therefore concentrate on the substantive provisions of the agreement.

13. The AGBM reaffirmed the principle of institutional economy and the need to avoid the proliferation of new bodies and mechanisms under a protocol or another legal instrument. Accordingly, it agreed that the new instrument should, to the greatest extent possible, be served by the existing institutions and mechanisms of the Convention, including in particular the Convention secretariat and possibly the subsidiary bodies. There was also support for having a single process for the communication and review of information. The AGBM expressed interest in exploring the possibility of having a single Conference of the Parties and a streamlined budgetary process for the Convention and the new legal instrument, subject to the understanding that only Parties to the new legal instrument would be able to vote on decisions relating to that instrument.

14. Many Parties stated their preference that the form of the instrument should be a protocol. Some delegations reaffirmed support for the European Union proposed protocol outline and the use of annexes, and some expressed support for the AOSIS protocol proposal. Several countries continued to reserve their position about the form of a legal instrument pending decisions by the Conference of the Parties regarding the rules of procedure and by the AGBM concerning the substance of the new instrument.

15. It was stressed that the protocol or another legal instrument should be a simple document which supplemented the Convention. Several delegations reaffirmed their support for the inclusion of legally-binding quantified emission limitation and reduction objectives.

16. Several delegations stressed that the protocol or another legal instrument should be open only to Parties to the United Nations Framework Convention on Climate Change, and observed that a regional instrument cannot provide a durable solution to the global problem of climate change. Some delegations also noted that the new legal instrument should have sufficient flexibility to reflect differing national circumstances, possibly through the inclusion of differentiated commitments.

17. A number of delegations emphasized that the new instrument should be designed so that it can evolve in the light of new developments and scientific advice. This could involve, for example, the establishment of a mechanism to review the provisions of the instrument and to make any necessary decisions and adjustments. There was also mention of a strengthened in-depth review process and of a mechanism to accumulate experience in activities implemented jointly.

*Item 6: Taking stock and intensifying efforts: Report to the second session of the Conference of the Parties*

18. The AGBM has made valuable progress over the past year in advancing understanding of the options available for a protocol or another legal instrument and of their implications. However, much work still needs to be done and the AGBM must now intensify its efforts to complete a new legal instrument in time for adoption by the Conference of the Parties at its third session.

19. So far, the work of the AGBM has focused on analysis and assessment, and this process will continue. The emphasis of the work of the AGBM must now move progressively towards negotiation, as mandated by decision 1/CP.1.

20. The AGBM invited Parties to submit further concrete proposals on policies and measures, QELROs, and other possible features of a protocol or another legal instrument, by 15 October 1996.

21. The Chairman undertook to produce, with the assistance of the secretariat, a contribution to the fifth session that would synthesize all proposals made to date, including those received up to 15 October 1996. He expressed the hope that this contribution would provide a useful framework for discussion at the fifth session and that it would be a step towards the development of a negotiating text.

22. The AGBM welcomed the proposal of the Chairman that he make an oral report to the Conference of the Parties at its second session on the progress achieved in the AGBM. This report will be factual, drawing on the reports of the AGBM at its first, second and third sessions as well as the conclusions adopted at this session.

11 July 1996

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Ad Hoc Group on the Berlin Mandate  
Fourth session  
Geneva, 11-16 July 1996

ARTICLE 17.2 OF THE CONVENTION

Opinion received from the United Nations Office of Legal Affairs

The Chairman of the Ad Hoc Group on the Berlin Mandate, after consultations with the Bureau, requested the Executive Secretary to seek a legal opinion from the United Nations Office of Legal Affairs,

"... on a question pertaining to the meaning of Article 17.2, in particular if the process agreed upon by decision 1/CP.1 can be deemed by the Conference of the Parties as an adequate way of satisfying the communication required by the article."

The opinion received from the United Nations Office of Legal Affairs is attached.

Adoption of a protocol to the Framework Convention on  
Climate Change: interpretation of Article 17, paragraph 2

1. This is in response to your memorandum of 26 April 1996 wherein, pursuant to the request of the Bureau of the Ad Hoc Group on the Berlin Mandate (hereinafter AGSM) established by the first session of the Conference of the Parties to the above Convention, you seek a legal opinion of this Office on a question pertaining to the meaning of Article 17, paragraph 2 of the Convention, in particular if the process agreed upon by decision 1/CP.1 can be deemed by the Conference of the Parties as an adequate way of satisfying the communication required by that article.

2. As noted in the background note attached to your memorandum, in considering the above request for the legal opinion the following queries were raised by individual members of the Bureau:

- (a) What does the phrase "text of a proposed protocol" mean? What form would the proposed protocol need to take? Could the proposed protocol communicated to Parties consist of a list of elements, the substance of which could be finalized at the meeting of its adoption?
- (b) Is it possible to interpret Article 17.2 in a manner which would enable the proposed text, communicated to Parties six months before COP 3, to be extensively negotiated upon on COP 3?
- (c) What type of parameters would Parties need to be guided by with regard to the phrase "as long as the amendments do not alter the intent of the original proposal"? How may one ascertain whether the intent of the original proposal has been altered in negotiations that are so complex that one word could be considered as having altered the intent of the original proposal?

(d) Could the proposed protocol submitted by the Government of Trinidad and Tobago on behalf of the Alliance of Small Island States (AOSIS), and communicated to the Parties six months before the first session of the Conference of the Parties, be considered as the "proposed text" for the purposes of the present negotiations taking place in AGBM (and possible adoption at COP 3) ? (see Decision 1/CP.1, paragraph 5, wherein it states that the protocol proposal of AOSIS .. ..." should be included for consideration in the process")? (NB: Many Parties would not agree to such a text unless it was considerably amended during the ensuing AGBM negotiations).

3. According to paragraph 1 of Article 17 of the United Nations Framework Convention on Climate Change (hereinafter the Convention), the Conference of the Parties, which is the supreme body of the Convention, may, at any ordinary session, adopt protocols to the Convention. Paragraph 2 of Article 17 in this regard provides that "the text of any proposed protocol shall be communicated to the Parties by the Secretariat at least six months before such a session".

4. The name of the Framework Convention on Climate Change implies that it constitutes a foundation and starting-point for the elaboration of additional measures aimed at achieving the objective of the Convention and ensuring the implementation of its principles defined respectively in Articles 2 and 3 of the Convention. The Convention provides in this regard that some of these measures can be drafted in the form of protocols to the Convention. Pursuant to Article 17 of the Convention, protocols are supposed to be supplementary legal instruments further developing and clarifying particular provisions of the Convention. As with any other legal instrument, protocols can be adopted only after the completion of a negotiating process by the parties concerned.

5. Under the Convention and the rules of procedure of the Conference of the Parties, a negotiating process involves several stages, which starts with the submission of an initial proposal and followed by its consideration by the Conference of the Parties, and, if necessary, by one of its subsidiary bodies which can be established for that purpose. The provisions of the Convention governing the adoption of protocols are very general and impose only one condition on a negotiating process. As noted above, paragraph 2 of Article 17 of the Convention requires that a proposed protocol should be communicated to the Parties at least six months before the regular session at which it is expected to be adopted.

6. The intent of paragraph 2 of Article 17, in our view, is to provide the Parties with sufficient time to review the proposed

protocol and to obtain the instructions authorizing them to adopt it as a separate legal instrument at the coming session of the Conference without any modifications or with such additional changes which they might consider necessary to be introduced. Thus, paragraph 2 of Article 17 does not prevent the Parties from continuing their negotiating process during the session of the Conference of the Parties. However, the text of the proposed protocol submitted for the consideration by the session of the Conference should be elaborated enough to constitute sufficient ground for the completion of a negotiating process and the adoption of the protocol at the session. If the text of the proposed protocol is not elaborated and, therefore, does not accommodate to the greatest extent possible the interests of all interested parties, the Conference would probably then be unable to adopt the final text of the protocol, because it would be difficult to bridge the gap between positions of the various parties concerned. For example, should the proposed protocol communicated to the Parties prior to the session consist only of a list of elements to be included in it, as suggested in one of the questions referred to in your background note, the chances are that the session of the Conference would not be in a position to adopt that protocol, because delegations of the Parties would not have adequate instructions allowing them to approve the text of the protocol which might emerge as a result of the negotiations during the session.

7. It is our understanding that the proposal submitted by the Government of Trinidad and Tobago on behalf of the Alliance of Small Island States, which had been communicated to the Parties six months before the first session of the Conference, did not constitute a sufficient basis for the adoption by that session under paragraph 1 of Article 17 of the Convention of the proposed protocol. By decision 1/CP.1 the session decided to begin a process to enable it to take appropriate action on particular subjects defined by that decision through the adoption of a protocol or another legal instrument. The session of the Conference also agreed on elements which should guide the aforementioned process and which inter alia provide that the protocol proposal of the Alliance of Small States, which contains specific reduction targets and was formally submitted in accordance with Article 17 of the Convention, along with other proposals and pertinent documents, should be included for consideration in the process.

8. The first session of the Conference of the Parties decided that the above-mentioned process should be conducted as a matter of urgency and established an Ad-Hoc Group for that purpose. In accordance with decision 1/CP. 1, the Group is required to ensure the completion of its work as early as possible in 1997, so that the third session of the Conference, which is scheduled to be held during the fourth quarter of 1977, could adopt the proposed instrument.

9. It appears from the foregoing that a draft protocol which is to be communicated to the Parties by the Secretariat at least six months prior to the third session in accordance with paragraph 2 of Article 17 of the Convention and which should encompass all the elements referred to in decision 1/CP. 1, must be prepared by the Ad Hoc Group. The circulation of that draft instrument does not, in our view, preclude the Parties from submitting proposals and amendments to that text either prior to the third session or in the course of that session. The Parties can also still continue negotiating on the proposed text up to the end of the third session. The Convention does not impose any limitations on the negotiating process in this regard. The question of whether the proposed text constitutes sufficient ground for the adoption of the instrument by the Conference is a matter which can be determined only during the session of the Conference. We believe that article 17 of the Convention should not be interpreted to mean that only insignificant amendments to a proposed protocol can be introduced during the session. The Convention, in other words, does not imply that if a proposed protocol is circulated six months before the session, then it must be adopted by that session without any modifications. Thus, the submission of the draft protocol by the Group does not mean that the negotiating process cannot be continued during the third session of the Conference. On the other hand the draft instrument prepared by the Group should be elaborated enough to enable the Conference to adopt the final text of that instrument.

10. In the light of the foregoing this Office is of the view that the process agreed upon by decision 1/CP. 1 of the first session of the Conference of the Parties should be considered as an adequate way of satisfying the communication required by Article 17 of the Convention, as long as it could be assumed that the proposed protocol prepared by the Ad Hoc Group constitutes adequate ground for the adoption by the third session of the Conference of the final text of that protocol.



**COP 2 MINISTERIAL SEGMENT**

## MINISTERIAL DECLARATION

The Ministers and other heads of delegations present at the second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change,

Noting that this, our meeting at Ministerial level under the Convention, is a demonstration of our intention to continue to take an active and constructive role in addressing the threat of climate change,

1. Recall Article 2 of the Convention; the principles of equity and of common but differentiated responsibilities and respective capabilities in Article 3.1 of the Convention; and the provisions of Article 3.3 concerning precautionary measures; as well as the specific national and regional development priorities, objectives and circumstances of the Parties to the Convention;

2. Recognize and endorse the Second Assessment Report of the IPCC as currently the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available. Ministers believe that the Second Assessment Report should provide a scientific basis for urgently strengthening action at the global, regional and national levels, particularly action by Annex I Parties to limit and reduce emissions of greenhouse gases, and for all Parties to support the development of a Protocol or another legal instrument; and note the findings of the IPCC, in particular the following:

- The balance of evidence suggests a discernible human influence on global climate. Without specific policies to mitigate climate change, the global average surface temperature relative to 1990 is projected to increase by about 2C (between 1C and 3.5C) by 2100; average sea level is projected to rise by about 50 centimetres (between 15 and 95 centimetres) above present levels by 2100. Stabilisation of atmospheric concentrations at twice pre-industrial levels will eventually require global emissions to be less than 50 per cent of current levels;
- The projected changes in climate will result in significant, often adverse, impacts on many ecological systems and socio-economic sectors, including food supply and water resources, and on human health. In some cases, the impacts are potentially irreversible; developing countries and small island countries are typically more vulnerable to climate change;
- Significant reductions in net greenhouse gas emissions are technically possible and economically feasible by utilising an array of technology policy measures that accelerate technology development, diffusion and transfer; and significant no regrets opportunities are available in most countries to reduce net greenhouse gas emissions.

3. Believe that the findings of the Second Assessment Report indicate that the continued rise of greenhouse gas concentrations in the atmosphere will lead to dangerous interference with the climate system, given the serious risk of an increase in temperature and particularly the very high rate of temperature change;

4. Recognize also the need for continuing work by the IPCC to further reduce scientific uncertainties, in particular regarding socio-economic and environmental impacts on developing countries, including those vulnerable to drought, desertification or sea-level rise;

5. Reaffirm the existing commitments under the Convention, including those intended to demonstrate that Annex I Parties are taking the lead in modifying longer-term trends in emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, and agree to strengthen the process under the Convention for the regular review of the implementation of present and future commitments;

6. Take note that Annex I Parties are fulfilling their commitments to implement national policies and measures on the mitigation of climate change. Also take note that this is not the only commitment that Annex I Parties have made and that many of these Parties need to make additional efforts to overcome difficulties that they face in achieving the aim of returning their emissions of greenhouse gases to 1990 levels by 2000;

7. Acknowledge the considerable work done by the Ad Hoc Group on the Berlin Mandate (AGBM) since the first session of the Conference of the Parties, including the substantive proposals presented by a number of Parties, and call on all Parties to come forward with proposals to facilitate substantive negotiations beginning at the fifth session of AGBM in December 1996.

8. Instruct their representatives to accelerate negotiations on the text of a legally-binding protocol or another legal instrument to be completed in due time for adoption at the third session of the Conference of the Parties. The outcome should fully encompass the remit of the Berlin Mandate, in particular:

- commitments for Annex I Parties regarding:
  - \* policies and measures including, as appropriate, regarding energy, transport, industry, agriculture, forestry, waste management, economic instruments, institutions and mechanisms;
  - \* quantified legally-binding objectives for emission limitations and significant overall reductions within specified timeframes, such as 2005, 2010, 2020, with respect to their anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol;
- commitments for all Parties on continuing to advance the implementation of existing commitments in Article 4.1;
- a mechanism to allow the regular review and strengthening of the commitments embodied in a Protocol or other legal instrument;
- commitments to a global effort to speed up the development, application, diffusion and transfer of climate-friendly technologies, practices and processes; in this regard, further concrete action should be taken.

9. Welcome the efforts of developing country Parties to implement the Convention and thus to address climate change and its adverse impacts and, to this end, to make their initial national communications in accordance with guidelines adopted by the Conference of the Parties at its second session; and call on the GEF to provide expeditious and timely support to these Parties and initiate work towards a full replenishment in 1997;

10. Recognize that the continuing advancement of existing commitments by developing country Parties, in the context of their national priorities for sustainable development, requires determined and timely action, in particular by Annex II Parties. Access to financial resources and to environmentally-sound technologies consistent with Articles 4.3, 4.4, 4.5 and 4.7 will be most critical;

11. Thank the Government of the Swiss Confederation for its contribution to the work of the second session of the Conference of the Parties in Geneva and look forward to meeting again at the third session in Kyoto, in 1997, thanks to the generous offer of the Government of Japan.

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# Australian Delegation

## Statement

Australia has been a strong supporter of the development and implementation of the Convention since negotiations commenced. We remain committed to the Berlin Mandate, the negotiating process it has launched and to a successful outcome at the Conference in Kyoto next year.

We worked hard with others of our colleagues last evening in order to assist you Mr President in bringing before us today a declaration. Our aim is to provide the impetus needed to take our negotiation forward through the next series of meetings to that successful outcome in Kyoto.

We contributed to and endorse almost all that is in the statement we have before us today. We have a major difficulty, however, with that aspect of the text which commits the Parties to include in the final instrument legally binding targets without the nature and context of those commitments being clear. This point has always been seen as fundamental to the nature of the legal instrument we are negotiating. In our opinion, the text before us goes further than our negotiating process has so far taken us. It has been our view that if we try to leap forward in this way, we risk stumbling instead because it does not reflect the range of views on targets we have heard

expressed even during this current series of meetings. It is COP3 in Kyoto not COP2 where we believe this critical issue needs to be decided.

It is with regret, Mr President, that I must inform you Australia cannot associate itself with the language on targets in paragraph 8 of the draft text.

Our Governments have collaborated in a rigorous collective effort to ensure that we are guided by the best possible scientific assessment of the threat of climate change. It is just as important that we maintain that rigour in the way that we develop the policy that flows from the science. Our negotiations need to be undertaken with urgency but also with great care.

We shall continue to contribute to the development of quantified objectives in terms of the Mandate outcome as we have throughout. We shall contribute further to this process ~~which will allow for differentiation to reflect individual country circumstances~~ in good time to allow our partners in these negotiations the opportunity to fully consider our ideas.

Mr President I must stress that Australia is firmly committed to continuing to work with all countries for an environmentally effective and a fair outcome under the Berlin Mandate.

14th July 1996  
18/7/96  
p.m.

**New Zealand Delegation**

**Statement**

The text we have before us sends a strong message that politically we are committed to working together to address the threat of climate change.

New Zealand welcomes that and will continue to play an active role in this important work.

In my statement earlier today I said very clearly that while Parties had to do their fair share of emissions reductions, a way had to be found to reduce the disparity in abatement costs between countries. A global least-cost approach should be adopted that would be efficient and equitable. That is the only way to achieve real progress.

In the light of this New Zealand has difficulty with the wording of the second tiret of paragraph eight. It would be greatly improved in our view by the addition of the words "on the basis of a least-cost approach within Annex I".

As a more general comment, I suggest that we should avoid prematurely narrowing the options for the status of the objectives to be produced by the Berlin Mandate process.

We would be grateful, Mr Chairman, if these comments could be noted in the record.



EUROPEAN COMMISSION

**Statement of Commissioner Bjerregaard on behalf of the European Community to the  
Second Conference of the Parties of the UN Framework Convention on Climate  
Change**

**Thursday 18th July 1996**

Mr. President, Distinguished Delegates,

We are here to make progress. To give direction to our work and to prepare the next vital steps of our joint endeavor to combat climate change. The third Conference of the Parties will be crucial in this respect. In the past many challenged even the existence of climate change itself. With scientific uncertainty there has been ample scope for the cynics to question the true level of international commitment.

We now, however, look to the future from a different and more certain position.

The messages of the Second Assessment Report of the Intergovernmental Panel on Climate Change leave no room for misunderstanding. It clearly is our common responsibility to confirm its findings and use them as the basis for a protocol. Our generation is faced with the impelling and challenging task to mitigate climate change and therefore with the need to change the course of human behavior. We owe this to ourselves, we owe this to our planet and we owe this to future generations.

The perspective is frightening. The scientific assessment is that if we want to limit the change of the global climate to what is scientifically seen as sustainable, a global reduction of CO<sub>2</sub> emission in the order of 60 % would be necessary. This would roughly translate into a 60 % reduction in the use of fossil fuels worldwide.

It goes without saying that such a reduction cannot be achieved overnight. However, the world is increasing its CO<sub>2</sub> emissions and consequently a more and more rapid build up of CO<sub>2</sub> concentrations in the atmosphere is inevitable unless we agree to take decisive actions. We must define an effective policy:

First, I consider it crucial that we set legally binding and ambitious reduction objectives for industrialized countries. This should be a main outcome of the Berlin Mandate process. Our efforts here must effectively respond to the warnings of the IPCC. Therefore, the percentages we settle for the next decades must show clear progression. Each Party must be prepared to use its potential for the reduction of green house gases to the fullest extent.

The second task is that all Annex I Parties have to implement specific policies and measures to reach these targets. We have to use the tools available and deliver. The European Union has, as you know, submitted proposals for negotiations for all the key

sectors such as - energy, transport, industry, agriculture and waste management. It is now crucial that we start actual negotiations on effective measures for these sectors.

Let me give a very concrete example: The European Environment Ministers have recently asked the Commission to negotiate an agreement with the car industry. This agreement should ensure that the average gasoline consumption of new cars is reduced to five liters per 100 km by the year 2005 and no later than by 2010. Such an undertaking in one sector alone will be equivalent to more than 30 percent reduction compared to today's situation.

Another challenge in the transport sector is how to deal with jet fuel emissions. In the future these will grow dramatically with increasing traffic worldwide. The price of jet fuels must reflect the real costs to the environment.

The credibility of industrialized countries is at stake. Not only for future objectives but also for present commitments to stabilize greenhouse gas emissions at 1990 levels by the year 2000. In both respects The EU is determined to live up to its commitments.

Mr. President,

I fully support the Declaration of Ministers worked out last night both with respect to the endorsement of the findings of the IPCC and especially with regard to the commitment to accelerate negotiations towards an ambitious protocol. As you know the EU would have liked to be more specific in its support of the findings of the IPCC, but I realize that the present text represents a clear political willingness to move forward.

The future work on the Mandate is a major challenge. It requires the cooperation of all Parties - developed as well as developing countries. We must help each other. Annex I Parties must assist the developing countries and facilitate transfer and access to environmentally sound technologies and financial resources. Furthermore we must intensify our efforts in the area of activities implemented jointly where we are still in a learning phase. An effective dialogue will help this process.

The Mandate is bound to a tight time schedule and the time is precious. I therefore call on this Conference to guide further negotiations to make COP III in Kyoto Japan a real success.

I thank you for your attention.

**Second Session of the Conference of the Parties to  
the United Nations Framework Convention on Climate Change**

**Ministerial Round Table**

**"Climate Change: New Scientific Findings and Opportunities for Action"**

**Geneva, 17 July 1996**

**Chairman's Summary**

*(Translation of the original French text)*

Mr. President, Dear Colleagues, Distinguished Delegates,

I would first like to thank the President of the Conference, H.E. Mr. Chen Chimutengwende, for giving me the opportunity to chair the Ministerial Roundtable which has gathered Ministers, Heads of Delegations and Executive Directors of international organisations on the occasion of the Second Session of the Conference of the Parties to the UNFCCC.

I have the pleasure to present to you my personal impressions of the discussions, in which a great number of Ministers participated actively.

The first question addressed by the Roundtable concerned the new scientific findings contained in the Second Assessment Report (SAR) of the IPCC and its consequences for political action.

I would like to thank Professor Bert Bolin for his excellent presentation of the essential elements of the SAR. The participants of the Roundtable recognized the outstanding work of more than 2500 scientists from all over the world; they agreed that the SAR provides important scientific elements to be considered when taking decisions in the area of climate change.

Many ministers noted with concern the conclusion of this report that the balance of evidence suggests that there is a discernible human influence on global climate. They stressed that these findings, also taking into account the precautionary principle, underline the need for urgent action at the widest possible level. I am therefore in a position to confirm that a very large majority of the Contracting Parties endorses the conclusions of the Second Assessment Report and intends to use them as the basis for political action.

It seems however important to note, in this context, that we should not ask IPCC to answer questions which are not of a scientific, but of a political nature, as for example the determination of the critical level of greenhouse gas concentrations in the atmosphere, above which a dangerous anthropogenic interference with the climate system would occur.

Furthermore Ministers stressed the adverse social and economic impacts of climate change.

In several countries extreme weather conditions, desertification and drought are perceived as visible effects of climate change, affecting particularly the important agricultural sector.

Small Island States as well as African countries stated with concern their particular vulnerability to the impacts of climate change and the lack of technical and financial resources for prevention and adaptation measures. The Global Environment Facility should also play its role in enabling developing countries to meet their commitments.

The second question addressed the efforts needed to advance the existing commitments under the Convention.

Ministers reiterated that developed countries have to take the lead in combating climate change, taking into account the common, but differentiated responsibilities of Contracting Parties. They considered it important that Annex I- Parties reaffirm their existing commitments under the Convention and that many of them strengthen their efforts to stabilize greenhouse gas emissions on 1990 levels by the year 2000.

Measures taken in this regard are strongly influenced by different national circumstances. This was made clear when several of my colleagues gave us examples of their national policies. However, the identification of the obstacles we are facing is also part of our efforts to implement effective policies in the area of climate change. Furthermore, there is an urgent need for closer collaboration between the different ministries dealing with questions related to climate change.

In order to support developing countries in implementing the Convention, industrialized countries should furthermore undertake specific efforts to facilitate the transfer of environmentally sound technologies and to provide financial support.

Some oil-exporting countries voiced their concern that measures taken by Annex I Parties in order to reduce consumption of fossil fuels might adversely effect their economies. One answer to their concern lies in reevaluating and developing new uses of petroleum products.

Finally, the Roundtable addressed the process towards strengthening commitments of Annex I Parties (Berlin Mandate).

The Ministers of Annex I Parties confirmed their will to accelerate negotiations under the Berlin Mandate so as to have a protocol or other legal instrument adopted at the Third Conference of the Parties in 1997 in Kyoto. They stressed that a clear signal should be given by this Conference to start negotiating concrete text proposals in the next session of the AGBM.

Furthermore, numerous participants expressed their wish to adopt a ministerial declaration reflecting the outcome of this Conference.

In concluding, Mr. President, Dear Colleagues, Distinguished Delegates, I would like to congratulate all participants of the Roundtable and thank them for their willingness to discuss frankly the essential questions we are facing in the framework of the Climate Convention. Our gathering has given us the chance to better understand each other's positions and concerns and has thus helped us to build common ground for the implementation and further development of the Convention.



CANADA

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The Permanent Mission of Canada  
to the United Nations  
at Geneva

La Mission permanente du Canada  
auprès des Nations Unies  
à Genève

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**Sergio Marchi**  
**Minister of the Environment**  
**Canada**

Conference of Parties Statement  
Geneva, Switzerland  
July 17, 1996

**Check Against Delivery**

*Changes noted*

Mr. Chairman, Monsieur le President,

It is Canada's hope that this important gathering will help to bring a sharper focus to the dilemma of climate change. In keeping with that hope, I would like to focus my remarks on three essential elements.

Firstly, it is Canada's belief that science has spoken in a voice that is loud and clear.

Our national government, including provincial and territorial jurisdictions, strongly supports the findings of the IPCC's Second Assessment Report as the most authoritative and comprehensive analysis of climate change to date. It is our belief that humanity will ignore its findings at its own risk.

We accept the scientific view that humanity's influence on the globe's climate system represents a potentially dangerous stress on the global ecosystem, and has detrimental implications for human health.

Indeed, a stark picture of what could be in store for global human health as a result of climate change was painted for us last week in a report released by the World Health Organization.

In Canada, we are about to launch a Country Study on the impacts and adaptations to climate variability and change, and we are conducting regional studies on the effects of climate change.

One such examination on Canada's Mackenzie River Basin has just been completed.

With a total area of 1.8 million square kilometres, the Mackenzie is the largest drainage basin in Canada, and in fact, one of the largest in the world.

The findings show that changes in climate are already starting to affect our environment and way of life, particularly in the Canadian Arctic.

The area has experienced a warming trend of 1.5 degrees Celsius within the current century, and there is evidence that this has lowered lake levels and thawed permafrost.

The study, a summary of which is now available, concludes that there could be radical alterations to the area's ecosystem in the event of a doubling of carbon dioxide concentrations in the atmosphere.

The question then becomes: if climate change is capable of fundamentally altering the character of one corner of the world, what could it do to the world as a whole?

While both the rate and distribution of climate change worldwide is still uncertain, Canada does not look upon this uncertainty as an excuse for delaying action. Let there be no mistake. The threat of climate change is real and present. And the cost in human discomfort and suffering is incalculable.

Secondly, just as we accept this threat as real, we must also accept the reality that our efforts to limit greenhouse gas emissions are not working as well as we expected.

While progress has been made in reducing emissions, it is clear that we are not moving fast enough or far enough in our collective efforts.

Like most developed countries, Canada is experiencing difficulty in meeting its commitments. Despite efforts to date, current analysis indicates that without further measures, Canada's greenhouse gas emissions at the turn of the century could be about 13 per cent higher than 1990 levels.

There is little consolation in the fact that we will be in the company of the majority of Annex I nations in not meeting our current commitments.

Canadians indicated, in a recent survey that they believe governments and international institutions must show strong leadership in addressing climate change.

Their concerns tell us that Canada --like other nations --must work harder, faster and smarter to reduce its emissions.

However, I wouldn't want you to think that we are standing still. Canada has an active national program of initiatives aimed at mitigating greenhouse gas emissions. Canada is also an active participant in the Climate Technology Initiative, which we view as an important mechanism to enhance the availability and use of existing and new climate-friendly technologies.

And for us, developing clean technologies, improving energy efficiency, and increasing the use of alternative energy sources, will continue to be a public policy priority.

*Including CANADA'S VOLUNTARY CHALLENGE AND REGISTER.*

Moreover, we have established the 20% Club, a group of Canadian municipalities committed to a 20 per cent reduction in greenhouse gas emissions from 1990 levels. The 20 % Club now includes large cities like Toronto, Vancouver and Regina.

Canada's commitment to involving industry, environmental organizations, and individual communities will continue. Indeed, it must continue if we are to meet with success.

Finally, there is no room for complacency on the issue before us. All of us must strengthen our efforts as we accelerate work towards a post-2000 strategy at COP3. If we are to protect our climate for future generations, an effective global response is required.

X Canada firmly believes <sup>URGENT</sup> that the Second Assessment Report must be used as a basis for ~~pressing~~ action to further the implementation of the Convention and to make progress on the Berlin Mandate.

For our part, a Canadian meeting of federal, provincial and territorial energy and environment ministers will be convened this Fall to assess where we are, and more importantly, to chart the course ahead.

Getting our own house in order is a priority for the Canadian government, and it will be guided by principles of openness and transparency.

And our International efforts should be no different. After all, when we are addressing climate change, we are talking about a global bottom line.

And this bottom line takes precedence over individual credits, debits, and differences between countries. It is time for all of us - governments, industry, environmental groups, and citizens - to do better.

Failure cannot, and must not, be an option.

The Honorable Timothy E. Wirth  
Under Secretary for Global Affairs  
on behalf of the United States of America

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Second Conference of the Parties  
Framework Convention on Climate Change

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Geneva, Switzerland

July 17, 1996

Thank you, Mr. Chairman. Let me begin by congratulating you, Mr. Chimutengwende, on your selection as Chair of the Conference. My government appreciates your willingness to assume this important role and the leadership you have brought to this task. I also want to take this opportunity to congratulate the distinguished representative from Germany, Angela Merkel, for the remarkable job that she has done in guiding our work over the past several years. The task of moving forward more than 150 nations is difficult enough. In this instance, however, the challenge has been compounded by the fact that we are dealing with what is probably the most complicated scientific, environmental, economic and political challenge in history. The international community is in your debt for hosting us and helping us reach the mandate agreed upon in Berlin last year.

Since Berlin, our deliberations have benefitted from the careful, comprehensive and uncompromised work of the Intergovernmental Panel on Climate Change. Their efforts serve as the foundation for international concern and their clear warnings about current trends are the basis for the sense of urgency within my government. We are not swayed by and strongly object to the recent allegations about the integrity of the IPCC's conclusions. These allegations were raised not by the scientists involved in the IPCC, not by participating governments, but rather by naysayers and special interests bent on belittling, attacking and obfuscating climate change science. We want to take this false issue off the table and reinforce our belief that the IPCC's findings meet the highest standards of scientific integrity. We also note with regret that the Subsidiary Body for Scientific and Technological Advice (SBSTA), blocked by a very small group of countries, did not agree on how to use the IPCC report. Let me make clear the U.S. view: The science calls upon us to take urgent action; the IPCC report is the best science we have, and we should use it.

In the ongoing scientific effort, Mr. Chairman, I want to note that the United States is proud of the more than \$1 billion annual investment it has been making in recent years on global change research. This is a cost we have taken on in order to enhance our own and the world's understanding of the Earth's atmospheric, oceanic and biological systems and represents not only the seriousness with which we view these matters, but also the willingness of President Clinton and the American people to help pioneer progress on behalf of the environment.

The United States of America takes very seriously the IPCC's recently issued Second Assessment Report, which underscores and amplifies the panel's initial work -- refining estimates and revealing new understandings that serve to signal even louder alarm bells. From our perspective, the most salient of these findings are as follows:

The chemical composition of the atmosphere is being altered by anthropogenic emissions of greenhouse gases.

The continued buildup of these gases will enhance the natural greenhouse effect and cause the global climate to change.

Based on these facts and additional underlying science, the second assessment reported that "the balance of evidence suggests that there is a discernible human influence on global climate." This seemingly innocuous comment is in fact a remarkable statement: for the first time ever, the world's scientists have reached the conclusion that the world's changing climatic conditions are more than the natural variability of weather. Human beings are altering the Earth's natural climate system.

In turn, the best scientific evidence indicates that human-induced climate change, if allowed to continue unabated, could have profound consequences for the economy and the quality of life of future generations:

Human health is at risk from projected increases in the spread of diseases like malaria, yellow fever and cholera;

Food security is threatened in certain regions of the world;

Water resources are expected to be increasingly stressed, with substantial economic, social and environmental costs in regions that are already water-limited, and perhaps even political costs where there is already conflict over limited resources.

Coastal areas -- where a large percentage of the global population lives -- are at risk from sea level rise.

In our opinion, the IPCC has clearly demonstrated that action must be taken to address this challenge and that, as agreed in Berlin, more needs to be done through the Convention. This problem cannot be wished away. The science cannot be ignored and is increasingly compelling. The obligation of policymakers is to respond with the same thoughtfulness that has characterized the work of the world's scientific community.

Unhappily, Mr. Chairman, while the established international scientific process is working well, the international policy process, as established under the Convention, has not been as successful. The shortcomings of the Convention -- its failure to address the post-2000 period, for example -- were well explored in Berlin and do not bear repeating today. The most salient fact is now more apparent than ever: the current Convention structure has not achieved the results that were anticipated. Few nations in either the developed or developing world have been fully successful in meeting their commitments under articles 4.1 and 4.2 of the Convention. We have to do better.

Over the past year, the United States has been engaged at home and internationally in serious analysis of the successes and failures of the current Convention structure, as well as of the practicality of the various proposals for next steps that have been put forward in recent discussions. While we still have much work to do, our analysis and consideration of this issue to date have led us to certain conclusions about the form of an agreement we hope these negotiations will consider and pursue. In the months ahead, our ongoing analysis and assessment will allow us to more precisely articulate the specific contents that the United States could support.

We begin, Mr. Chairman, from the following set of principles, which will guide our consideration of various proposals, and which we believe should guide our multilateral negotiations:

First, our negotiations focus on outcomes that are real and achievable. Sound policies pursued in the near term will allow us to avoid the prospect of truly draconian and economically disruptive policies in the future. Measured adjustments now and in the years ahead will enable all nations to reduce emissions in an economically sensible manner. Denial and delay will only make our economies vulnerable in the future.

Second, the United States will continue to seek market-based solutions that are flexible and cost-effective. We will not accept proposals that are offered for competitive, not environmental reasons. Serious proposals in the future must not be thinly veiled attempts to gain economic advantage. This is a global problem with global impacts and therefore requires solutions that are fair, and that will ensure prosperity -- now and in the future -- for all the world's people.

And third, the agreement should lay the foundation for continuing progress by all nations in the future. The United States believes that international cooperation on this challenge remains critical to any effective response, and that all nations -- developed and developing -- must contribute to the solution to this challenge. We believe that, while this is a long-term challenge, we must start making progress now and engage the public and private sectors over the medium-term as well. Climate change is a serious problem and will require sustained long-term investment and the full creativity of the marketplace.

President Clinton has urged all Americans and all nations to prepare their economies for the 21st century. Meeting this challenge requires that the genius of the private sector be brought to bear on the challenge of developing the technologies that are necessary to ensure our long-term environmental and economic prosperity.

Based on these principles -- encompassing environmental protection, realism

and achievability, economic prosperity, flexibility, fairness and comprehensiveness -- the United States recommends that future negotiations focus on an agreement that sets a realistic, verifiable and binding medium-term emissions target. We believe that the medium-term target must be met through maximum flexibility in the selection of implementation measures, including the use of reliable activities implemented jointly, and trading mechanisms around the world. In addition, our view is that it will be necessary to continue working toward a longer-term concentration goal (e.g. for the next 50-100 years), as set out in the Convention's objective, recognizing that scientific understanding and technology will improve over time. Working toward such a goal would better establish the long-term, global nature of the problem.

Having outlined in broad terms the basic components of an agreement we could support, I want to underscore the expectation of the United States that the agreement be realistic and achievable. Our preliminary analysis of some of the targets that have been tabled for consideration to date suggests that these proposals are neither realistic nor achievable -- either because they would compromise other important principles, such as the need for flexibility in time and place of implementation, or because they involve timeframes and objectives that are not consistent with national and international prosperity. Our job in the months ahead is to search for agreement on a next step that will produce results that are consistent with our environmental and economic aspirations.

Others have suggested that the negotiations move toward consideration of some ambitious mandatory, internationally coordinated policies and measures. In particular, suggestions are emerging for annexes to the agreement outlining specific actions that relevant Parties would be required to undertake, such as, for example, agreed fiscal or regulatory policies. In our view, the significant differences in national circumstances and individual national approaches to these matters suggest that few, if any individual measures are likely to be applicable to all countries. Therefore, as a general proposition, the United States opposes mandatory harmonized policies and measures. We are open to the possibility of exploring consensus on agreed procedural measures, for example those that might be necessary to implement an international trading regime or ensure enhanced reporting.

Finally, Mr. Chairman, I want to discuss a difficult component of the negotiations, but one that is essential if we are to make progress over the long-term. The United States is committed to ensuring that all countries -- developed and developing -- take steps to limit emissions, consistent with the mandate agreed upon last year in Berlin. We look forward to working together to develop strategies for advancing implementation of this Convention. While we recognize that developed countries have the responsibility to lead, we also believe

that this effort must be a partnership with all nations. We stand ready to continue our efforts to provide technical expertise to work with developing countries to reduce greenhouse gas emissions, and to continue the partnership which we have begun with many.

In summary, we have come to the conclusion that the current structure of the Convention is less than ideal. Performance under the current regime -- or lack thereof -- suggests that a new model must be considered. Next steps must be structured in a way that will help produce the desired results -- not just more rhetoric. We believe that circumstances warrant the adoption of a realistic but binding target, leaving it to individual governments to decide the most appropriate measures needed to meet the agreed target. We are convinced that the target must be both realistic and binding because it is only through the surety of a commitment of this nature that governments will take their obligations seriously and the only way we can be assured of progress.

We are also convinced that it is the target that should be binding, not the individual measures, thus allowing maximum flexibility in implementation. Continued use of non-binding targets that are not met makes a mockery of the treaty process. It leaves the impression that rhetoric is what counts rather than real emission reductions -- an outcome that is both unacceptable and counterproductive.

Mr. Chairman, the United States is committed to making the international climate change process work. The science is convincing; concern about global warming is real and that we must continue to take steps to address this problem consistent with our long-term economic and environmental aspirations. Working together, it is imperative that we marshal the creativity and will necessary to address this far-reaching challenge. The United States hopes we can negotiate an agreement that is comprehensive, flexible, fair and certain, and which will help prepare our country and the world -- environmentally and economically -- for the next century.

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**AUSTRALIA**

**UNITED NATIONS FRAMEWORK CONVENTION ON  
CLIMATE CHANGE**

**CONFERENCE OF THE PARTIES  
SECOND SESSION**

**STATEMENT BY SENATOR THE HON ROBERT HILL  
MINISTER FOR THE ENVIRONMENT**

**GENEVA**

**17 JULY 1996**

**CHECK AGAINST DELIVERY**

Mr Chairman

Climate change is one of the most important international environment issues for the Australian Government.

Australia is committed to fulfilling its obligations under the Framework Convention and to participating actively and constructively in the Berlin Mandate negotiations.

### **IPCC Second Assessment Report and Its Implications**

Australia recognises the importance of the Second Assessment Report and welcomes this latest contribution from the Intergovernmental Panel on Climate Change. The report helps to clarify the risks associated with climate change and confirms the importance and urgency of limiting global greenhouse gas emissions. It gives us all a powerful message about the need for effective and sustainable international action.

The Second Assessment Report provides some important insights about the impacts of increasing atmospheric concentrations of greenhouse gases. However, it does not provide a specific interpretation of what might constitute dangerous human interference with the climate system.

Australia believes it would be premature for this meeting to identify a particular point at which greenhouse gas concentrations might constitute dangerous human interference. We believe that neither the science nor the assessment of impacts are yet sufficiently advanced to nominate a specific level. Nevertheless, we accept there is reason to act in a precautionary way.

Australia continues to support the work of the IPCC. It is vital that the issues addressed there should be progressed scientifically, professionally and dispassionately by some of the world's best experts.

### **Progress in Implementing Annex I Commitments**

Australia is making substantial efforts to limit greenhouse gas emissions, particularly through our national program of cooperative agreements with industry and State and local governments. We are harnessing the capacity of Australian industry to limit greenhouse gas emissions through this program. Recent agreements will see some of our largest companies reduce their emissions substantially, including well into the 21st century.

In addition, my Government is taking action to enhance carbon sinks through the biggest vegetation initiative in our nation's history. It will target land clearance and revegetation.

Our measures have, and will, contribute to a substantially improved performance in emission containment by 2000, which is expected to compare favourably with most

OECD countries. Our achievements in energy efficiency in key industrial sectors rank with the best in the world.

Improved energy efficiency, capture and use of methane from mining and other activities and sustainable energy policies will result in further substantial containment of greenhouse gases.

The Australian Government's approach to greenhouse gas abatement is predicated on delivering achievable environmental outcomes based on industry and community support. The link between achievability and broad-based support for policy action is fundamental.

Australia is committed to intensifying its efforts to limit emissions. However, this needs to be progressed in a balanced way. Countries like Australia which specialise in the production of energy intensive goods may have relatively high emission levels despite using very energy efficient technologies. If that production were made uncompetitive by simplistic abatement policies only to be replaced by less greenhouse efficient production elsewhere, including in non-Annex 1 countries, the desired environmental outcome would not be achieved.

Similarly, new energy projects such as major natural gas export projects in countries like Australia, can lead to an increase in domestic greenhouse gas emissions, but displace less efficient energy production in other countries. The net result can be positive for global greenhouse gas emissions. It is important that we work towards an approach that recognises this.

Parties must also be realistic about the magnitude of the emission reduction task. Demand for energy is continuing to rise strongly in developed, as well as developing countries. There are no easy options for achieving substantial reductions in emissions. Most OECD countries are having difficulty returning to 1990 levels. This reflects the scale and nature of the task.

Maintaining economic growth while reducing greenhouse gas emissions will require economic re-structuring and will depend ultimately on technological change. The process of transformation will require us to be innovative, cooperative and realistic.

Additionally, the task varies greatly from country to country, reflecting substantial differences in their underlying trend in emissions growth. These differences include countries' population and economic growth rates, structural changes over time in their economies, and their options to reduce dependence on fuels with a high carbon content. One consequence of this situation is that countries like Australia face substantially higher marginal costs of abatement than most other developed countries.

#### **The Berlin Mandate Process**

The Australian Government is strongly of the view that if climate change mitigation is to be realistic and sustainable, it must deal with the differences that exist among Annex 1 countries. This will require negotiating practical rules to implement the equity principles that are central to the Framework Convention.

Abatement approaches that reflect national capacities and circumstances are more likely to win the commitment and support of all Parties through successive rounds of climate change negotiations.

Approaches that do not do this risk alienating countries from international cooperative action. In this context, the Australian Government, like others, has the obligation to safeguard the economic interests of its citizens and to foster sustainable economic development, as it plays its role in the Convention.

Australia accepts developed country responsibility for leadership conferred under the Convention. Our comprehensive response measures across all sectors of the economy is a demonstration of that acceptance.

However, it is clear that actions by developed countries alone will not be sufficient to mitigate climate change. Over the longer term, all countries will need to contribute to limiting global emissions. This will require effective international partnerships and cooperation.

In this context I take pleasure in announcing an Australian pilot initiative on Activities Implemented Jointly, which will be developed jointly with Australian industry. Its primary focus will be on the Asia-Pacific region. The pilot initiative reflects our view that AIJ is a win-win situation for all countries. At an appropriate time there needs to be a proper international recognition of these mutual benefits.

### **Conclusion**

Australia's commitment to seek responsible, sustainable and effective solutions to climate change led us to be among the first countries to ratify the Climate Change Convention. We will continue our engagement looking for an equitable and effective long term response to this most important global environmental challenge.

**THE SECOND CONFERENCE OF THE PARTIES TO THE FRAMEWORK  
CONVENTION ON CLIMATE CHANGE**

**Statement by the Honourable Simon Upton  
Minister for the Environment, New Zealand  
18 July 1996**

Annex 1 Parties are just four years away from the date by which they had committed themselves to achieve stabilisation of greenhouse gas emissions at 1990 levels. It is increasingly clear that few are likely to achieve that state of grace - let alone be in a position to propose fresh milestones.

This failure suggests that the problem is more deep-seated than many originally thought. The Convention was signed at a time when there was real optimism that voluntary approaches and 'no regrets' measures would, by themselves, generate significant progress. Now that that progress appears to be inadequate, attention is turning increasingly to the workability of the commitments made at Rio in 1992.

Widely different adjustment costs didn't matter as long as 'no regrets' measures were the focus of many countries' efforts. But now that the need to go beyond these sorts of measures is being canvassed, the impact of real costs (carrying real regrets) cannot be ignored. If there is to be genuinely common action that does impose costs, the approach agreed at Rio must be re-examined.

In New Zealand's view uniform national targets are seriously - if not fatally - flawed. Progress made behind national borders would impose widely different costs given very different starting points, different rates of growth and differently structured economies. The greater the reduction in greenhouse gas emissions sought, the more inequitable and problematic this approach becomes.

Countries with low cost options or windfall gains flowing from economic re-structuring find it easy to demand tough targets without worrying about the competitive disadvantage they impose on others. We've heard such a call from the United Kingdom Minister (delivered, albeit, in his inimitable and irresistible way!). Countries with high abatement costs, on the other hand, will be tempted to stall progress. I think we've also heard some of that.

We all start with our own particular handicaps and opportunities. While most countries have large thermal electricity generating sectors to which improvements can be made to lower emissions, New Zealand has one of the greenest generation capabilities in the world. In a good year 90 percent of our electricity comes from hydro, geothermal and other renewable sources. It is ironic that starting from this position makes it more difficult for us to achieve stabilisation.

While uniform national targets may be simple to set, simplicity alone is not enough. An alternative that takes account of different starting positions must be found. But if this is accepted it is, equally, vital that we avoid a process which degenerates into special pleading. New Zealand has consistently advocated as a key principle a global least-cost approach which would be both more efficient and more equitable. While parties must be prepared to do their fair share of emissions reduction, a way must be found to reduce the disparity in abatement costs between countries.

Consistent with the global least cost principle is the need to consider all opportunities to reduce greenhouse gas emissions and enhance sinks. For CO<sub>2</sub> the implementation over time of international economic instruments is, in my view, the least cost approach to abatement. I note that other measures may be more appropriate for other gases.

Economic instruments for CO<sub>2</sub> do not require the judgment of regulatory bodies as to where the greatest scope for emissions reductions may lie. Once the limits to emissions are set it is best left to the market to find the cheapest way of staying within that limit. No-one considers it strange that the international marketplace determines the price of fossil fuels. What we are talking about here is a uniform international price for abating CO<sub>2</sub> emissions.

While New Zealand promotes the implementation over time of global economic instruments, it acknowledges that such an approach may be a longer term goal. In the short term, we require practical proposals for a phased transition to a global least cost approach.

During the Berlin Mandate process, criteria have been proposed by a number of Parties against which policies and measures can be assessed. New Zealand believes the appropriate criteria to be **workability** and **cost-effectiveness**, **durability** and **flexibility**, **transparency** and **robustness**.

With these in mind, let me propose five elements that must be included in the negotiations for the protocol or other legal instrument which results from the Berlin Mandate process.

**First**, we must incorporate the principle of a global least-cost approach. Currently the convention drives Parties towards widely different costs of abatement. This inconsistency with a least cost approach may ultimately undermine the **entire** convention. Similarly, the call for a prescriptive approach to harmonising policies and measures across economies would also be inconsistent with a least cost approach. We join the United States in opposing it although bunker fuel and aviation fuel are clear exceptions.

**Second**, it follows that the goal must be to equate the marginal abatement costs across sectors and borders. Economic instruments would be the most elegant way to achieve this and must surely be the basis for a more equitable and durable response.

**Third**, if the introduction of an economic instrument is not feasible in the short run then some differentiation of targets may be desirable to accommodate radically different starting points. I only dare to suggest this if it doesn't lead to special pleading. The principle underlying any differentiation should be to aim to equate marginal abatement costs.

**Fourth**, we need flexibility over where abatement occurs through provision for emission bubbles and trading of abatement opportunities. We are hopeful that European Union countries in particular will appreciate the logic of this approach. given the bubble they already operate.

**Lastly**, any targets should be expressed in cumulative terms to allow flexibility to bring abatement opportunities forward and bank the credit against future commitments.

Lest anyone thinks these are marginal considerations, I draw the attention of Ministers to a recent IEA seminar in London that suggested that flexibility over *where* abatement occurs could reduce the overall costs of emissions reductions by 70%. It was also estimated that flexibility over *when* abatement occurs could reduce costs by 40%. These potential savings together are over 80% and are simply too large to ignore.

For the record, New Zealand's current policy indicates the introduction of a low level carbon tax in 1997 if, following a review, New Zealand is not on course to achieve stabilisation of emissions - which we are not. A low-level charge would provide a signal but we cannot pretend that it would achieve a substantive reduction. This would no doubt be possible to introduce with limited economic or social impact. However, to put it bluntly, it would be impossible to persuade New Zealanders to go beyond this unless there was a clear commitment to common action by all Parties.

It is important, however, that we continue to analyse and develop possible longer term approaches to the problem of reducing greenhouse gas emissions. To this end New Zealand has recently produced a discussion document that analyses in some detail the possible design of economic instruments.<sup>1</sup> Through a process of public consultation we are seeking views on these proposals.

What I have had to say has been necessarily condensed and, I fear, complex. So let me summarise my thoughts in very simple terms: there is scant chance of significant progress by Annex 1 Parties (let alone others) if the very different abatement costs imposed by national targets are left to lie where they fall. There will be no incentive for any country to take significant further measures if the upshot is the relocation of economic activity to other countries with no environmental gains.

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<sup>1</sup> Climate Change and CO<sub>2</sub> Policy: A Durable Response. Discussion Document of the Working Group on CO<sub>2</sub> Policy. June 1996. Available from: Ministry for the Environment, PO Box 10362, Wellington, New Zealand. Also available on <http://www.mfe.govt.nz/climate.htm>.

It is better to be honest about these things *now* than press on with ever-more carefully nurtured diplomatic language that impinges less and less on reality.

My scepticism relates not to the science of this issue but to the way in which we have been seeking to make progress to date. Trying to solve a truly global problem through national measures that ignore the very different costs that are involved is doomed to failure. There are less costly and more equitable ways forward. New Zealand is prepared to play its part in developing them and developing a consensus to support their introduction.

Finally, while I understand the focus internationally on sources of CO<sub>2</sub> given their significance to many economies, we should not lose sight of the contribution of other gases and sinks and reservoirs of CO<sub>2</sub> to greenhouse gas concentrations. Accordingly New Zealand supports a comprehensive approach to the problem.

JKH

Statement by Mr. Brendan Howlin,  
Minister for the Environment, Ireland  
on behalf of the European Community  
and its Member States at the Second  
Conference of the Parties to the UN  
Framework Convention on Climate Change  
in Geneva

Wednesday 17th July 1996

Mr. President, Distinguished Delegates:

Developing and implementing a policy response equal to the global environmental threat of climate change is a critical test of our commitment to sustainable development.

Just over a year remains until the 3rd Conference of the Parties to this Convention when we must adopt a protocol or other legal instrument.

The European Community and its Member States therefore regard it as timely at this Conference, firstly to take stock of progress in the implementation of existing Convention commitments, and secondly, to reaffirm our commitment to a positive and ambitious outcome to the Berlin Mandate.

As regards the existing Convention commitments it is good to record that progress has been and continues to be made with their implementation. Almost every Annex I Party has put climate change strategies in place and submitted its first national communication. A wide range of policies and measures to mitigate climate change is being implemented, and climate change is increasingly being taken into account in other policy areas.

This progress is welcome and must be built upon. It is clear from the report on the second compilation and synthesis of national communications that the return of greenhouse gas emissions to their 1990 levels by the year 2000 is far from assured for many Annex I Parties. The EU is on course to return its carbon dioxide emissions to 1990 levels by the year 2000, but at the same time recognises that further efforts will be necessary to achieve its stabilisation objective.

As regards the Berlin mandate, the EU is concerned that this process is not advancing as needed to achieve its intended objective. The EU reaffirms its willingness to participate constructively in discussions so as to finalise an ambitious Protocol at the 3rd Conference of the Parties.

Parties at this Conference should reconfirm their commitments, given at the Berlin Conference, to advance the implementation, and work towards a strengthening of the Convention commitments. The Second Assessment Report of the Intergovernmental Panel on Climate Change leaves no room for doubt about the expected adverse effects of climate change. In this regard, the EU recognises that the Second Assessment Report represents the most comprehensive and authoritative assessment in the science of climate change. It notes with concern the conclusion of this Report that the balance of evidence suggests that there is a discernible human influence on global climate.

The EU stresses that these findings underline the need for urgent action at the widest possible level and reaffirms its belief that this report constitutes a key input in the process of defining and agreeing internationally the appropriate next steps towards achieving the ultimate objective of the Framework Convention on Climate Change. We urge this Conference to endorse the Second Assessment Report's findings.

Furthermore, the EU underlines that the Second Assessment Report is the principal reference document for global emission reduction objectives, for the technical potential and for cost-effectiveness of the measures which have to be selected within the defined portfolio of options.

The EU recognises that, according to the Second Assessment Report, stabilisation of atmospheric concentrations of carbon dioxide at twice the pre-industrial level, that is 550 parts per million, will eventually require global emissions to be less than 50 percent of current levels of emissions. This concentration level is likely to lead to an increase of the global average temperature of around 2 degrees centigrade above the pre-industrial level. Given the serious risk of such an increase and particularly the very high rate of change, the EU believes that global average temperatures should not exceed 2 degrees centigrade above pre-industrial level. Therefore, concentration levels lower than 550 parts per million carbon dioxide should guide global limitation and reduction efforts.

Against this background, the EU believes it is essential that each of the Annex I Parties - it being understood that the European Community is treated as one Party - agrees to set quantified objectives for significant overall reductions of greenhouse gas emissions after the year 2000 below 1990 levels, within specified timeframes, not simply to limit the growth of total emissions.

The EU also believes that it is essential that Annex I Parties undertake commitments regarding a set of common, coordinated and voluntary policies and measures, in particular regarding energy, transport, industry, agriculture, forestry, waste management and economic instruments.

The EU has presented a series of papers on policies and measures on these and other subjects. We think that these proposals are a valuable basis for the development of a Protocol. The EU has also participated in the useful work completed in the framework of the OECD/IEA Annex I Expert Group Common Action Study.

It is clear, however, that efforts by Annex I Parties alone will not be a sufficient response to the climate change challenge. The EU believes that global efforts require global responses and full participation of all Parties. This has to be based on a closer partnership between developed and developing countries. Besides the strengthened commitments of developed countries, it is important that the developing countries play their part in producing and using more energy-efficient and lower carbon emitting technologies and products.

In this perspective, information provided in national communications is an essential first step to involving further all Parties in the global climate change mitigation efforts.

In the light of the Berlin Mandate a major challenge is therefore to maximise the cooperative effort between all Parties, the three main elements of such an effort being:

- opportunities to promote and cooperate in the development, applications, diffusion, including transfer, of technologies, practices and processes;
- opportunities offered by the development of activities implemented jointly;
- opportunities to make programmes and investments from multilateral development banks and the private sector consistent with the objectives of the Framework Convention on Climate Change, and the implementation of Article 4.1 in particular.

In conclusion Mr. Chairman, EU considers that this Conference should in a Ministerial Declaration:

- endorse the Second Assessment Report as the primary scientific and technical basis for developing a Protocol ,
- emphasize that the precautionary principle must be applied ,
- reaffirm the existing commitments under the Convention and call for enhanced efforts towards their timely implementation,
- recognize the considerable work done by the Ad Hoc Group on the Berlin Mandate since the first Conference of the Parties and invite all Parties to come forward with proposals to facilitate substantive negotiations, and
- urge the acceleration of the Berlin Mandate process so as to have a Protocol adopted at the third Conference of the Parties.

**Ständige Vertretung Deutschlands**

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**Second Session of the Conference of the Parties to the  
United Nations Framework Convention on Climate Change**

**Geneva, 8 to 19 July 1996**

**Opening Address**

**by the President of the Conference of the Parties at its First Session**

**Dr. Angela Merkel**

**Federal Minister for the Environment, Nature Conservation and Nuclear Safety**

**8 July 1996**

Ladies and Gentlemen,  
distinguished delegates,

I am very pleased to welcome you today to the second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

Well over a year has passed since we met in Berlin for our first conference. Today we have come together again for an interim evaluation of how the Convention has been implemented and of how far the negotiating process initiated in Berlin has progressed. Here in Geneva we have to set clear political signals in order to overcome existing difficulties and to ensure that the Convention is both implemented and carried further ahead.

What is our common point of departure?

As a result of the United Nations Conference on Environment and Development in Rio de Janeiro we have all become aware of one crucial challenge for humanity: the urgent necessity to change our behaviour along the lines of sustainable development. This was our conviction when we signed the Framework Convention on Climate Change in Rio de Janeiro in 1992 in order to tackle a global problem jeopardising our planet earth - global warming caused by the greenhouse effect. We are committed to an ambitious goal: the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. We will only be able to accomplish this task for securing a world worth living in for present and future generations if we work together in an atmosphere of global trust and partnership. We must be guided in this by our common but differentiated responsibilities and respective capabilities.

Therefore, all Parties to the Convention have committed themselves in particular to national programmes containing measures to mitigate climate change. In addition, the developed countries have to adopt, as a first step, policies and measures in order to return their greenhouse gas emissions to 1990 levels by the year 2000. This specific commitment of the developed countries was the subject of close review during the first session of the Conference of the Parties. The outcome was the Berlin Mandate, i.e. the obligation to negotiate a protocol or another legal instrument in order to strengthen this commitment. For the Annex I Parties quantified limitation and reduction objectives for time horizons such as 2005, 2010 and 2020 are to be set and obligations concerning policies and measures are to be elaborated. In addition, the implementation of existing Convention commitments has to be advanced without introducing new commitments for the developing countries.

The time-frames specified by the Berlin Mandate are very ambitious: we have to prepare a protocol or another legal instrument which can be adopted during the third session of the Conference of the Parties in late 1997. Already, half of the time available has passed and it gives me great concern to see that a convergence of views on central issues is not yet in sight. Still there are wide gaps in the positions held by different countries and groups of countries.

However, scientific findings which are becoming more and more evident compel us to take consistent precautionary action. The Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) adopted in December under the leadership of Prof. Bolin is alarming: The global climate is undergoing changes due to human activities. Already today climate changes are discernible. If we do not act now, we will have to expect a rise in temperature between 1 and 3.5 degrees Celsius. The mean sea level would rise by 15 to 95 cm. The disastrous effects on many regions of the world and the threat this would involve for the very existence of small island states are well known to all of us.

At the same time the IPCC has presented evidence that clear reductions of greenhouse gases are technically possible and economically feasible in all sectors. In many countries there is a considerable potential for no-regret measures so that it is possible, for example, to step up energy efficiency by 10 to 30% over the next two or three decades without a negative to zero net cost.

Given their high energy and resource consumption and their high greenhouse gas emissions climate change is a challenge to which first of all the developed countries have to respond. We have to take on our specific responsibility for the protection of the global climate.

The results of the review of the first national communications of Annex I Parties are therefore a matter of great concern to me. Fifteen developed countries with 55% of the greenhouse gas emissions of this group currently expect their emission levels by the year 2000 to be higher than those of 1990, while so far only 16 states with 42% of emissions expect a return of their emissions to 1990 levels or even a decrease. We therefore have to reaffirm during this Conference our commitment to implement the commitments of the Convention and to call for additional efforts to be made.

Also, we must make every effort to press ahead with the negotiations for the Berlin Mandate in order to initiate the next steps necessary to achieve significant emission reductions. This requires far-reaching changes in almost all areas of economic activities and every-day life. I am well aware that such changes of economic structures and consumption

patterns, in particular in the field of energy supply and energy consumption, cannot be completed overnight but need to be achieved during a continuous adaptation process. And it is today that we have to give the impetus for this process. Therefore, we need ambitious reduction objectives in the short and medium term towards which we can gear our policy. Such objectives will stimulate innovation, promote the development of new technologies, products and processes. They are at the same time a reliable framework for investment decisions of trade and industry and of consumers. In addition, effective climate protection requires policies and measures to be laid down at an international level - also with a view to increasing global competition. The economic links between countries are so tight that unilateral measures are very often not effective or not economically reasonable. Therefore, the negotiations on a protocol also present an opportunity to harmonise the necessary policies and measures in order to avoid potential distortions of competition.

This is why the Berlin Mandate quite rightly calls for the agreement of limitation and reduction objectives as well as policies and measures for developed countries.

However, global climate protection can only be successful if we also act on a worldwide level - the findings of the IPCC are quite categorical about this. We all know that within the framework of the Berlin Mandate it cannot be a matter of introducing new commitments for developing countries. But we should consider what we can do together in order to advance the implementation of the existing objectives. I believe it is a necessary first step to decide on the guidelines for the national communications of non-Annex I countries at this Conference. Increased cooperation between all parties, particularly in the field of climate protection technologies, the pilot phase for activities implemented jointly and stronger involvement of the private sector also seem to me to be practical approaches.

We must find a solution for these central problems. The credibility of all of us is at stake here. This is why these issues will also be at the heart of the ministerial segment of the Conference on 17 and 18 July. We must make clear statements on the urgency of further action in the light of the IPCC findings, on further efforts regarding the implementation of the existing convention commitments and on the intensification of negotiations to flesh out the Berlin Mandate. A ministerial declaration in this vein would be an important signal of our joint willingness for action.

Today, I end my period in office as President and will hand over to my successor, the designated President Chen Chimutengwende, Minister for the Environment and Tourism of Zimbabwe.

There is one issue - namely the Rules of Procedure - which I have tackled since the Berlin Conference at various bilateral and multilateral meetings - and only recently, last night, in informal consultations with a large number of Parties. In spite of the efforts made by all participants involved, it was not possible to come to a final solution. Although this is a very complex and difficult matter, related to the core issues of the Convention, I once again call upon and urge all delegations to consider this issue further and work towards an agreement.

At the end of my term of office, I owe great thanks to many people. Without the constant support from my colleagues in the Bureau, I would not have been able to manage the wide-ranging difficult tasks as President. The untiring commitment of all the Secretariat's staff and the friendly and reliable assistance from our Executive Secretary, Michael Zammit Cutajar, have helped me over all hurdles. I am very pleased that the move of the Secretariat to Bonn in the next few weeks will allow me to keep up these contacts. Finally, I would like to thank you all very much indeed for the excellent cooperation in Berlin and ever since. This was a very important phase for the Convention. We have made progress. But shared commitment, trust and close cooperation are still indispensable if we want to face the global challenges of climate protection and sustainable development. In this spirit I hope that you will also give my successor your full support.

Thank you very much for your attention.

Japan

Statement

by Mr. Sukio IWATARE

Head of the Delegation of Japan  
Minister of State, Director General of the Environment Agency

*and*

by Mr. Noboru ENDO

Parliamentary Vice-Minister  
of International Trade and Industry

at the Second Session of the Conference of the Parties  
of the Framework Convention on Climate Change

17 July, 1996

Mr. President, distinguished delegates, ladies and gentlemen;

It is a great honor for me as the representative of Japan to express my congratulations to H. E. Minister of Environment and Tourism Chen Chimutengwende on assuming the Presidency of this Session of the Conference, and I express my heartfelt confidence that under your distinguished leadership, our discussions will result in significant achievements.

I would also like to take this opportunity to thank the Government and people of the Swiss Federation, and H.E. the Mayor, and the people of Geneva for their gracious hospitality.

Also, let me express deep gratitude to Executive Secretary Michael Zammit Cutajar, and to all of the members of the Secretariat for their hard work in putting this Conference together.

Mr. President,

As was stated in the Second Assessment Report of the Intergovernmental Panel on Climate Change announced in December 1995, global warming is expected to have a wide-ranging and serious influence on human life and the natural eco-system in the case that the concentration of carbon dioxide is doubled from the level in pre-industrialized period. The IPCC Second Assessment Report indicates a significant body of evidence to suggest discernible human influence on global climate. The report also makes clear the necessity for a greater range of measures at the earliest possible time.

Those responsible for politics must respect the IPCC Second Assessment Report as the most comprehensive and authoritative document, and give serious consideration to these scientific and technical information in the formulation of policy. Measures must be taken to prevent dangerous effects. In the world of increasing inter-dependence, in order to adopt a challenging policy, we have to work together in an internationally coordinated way in addition to the effect by individual initiative at home. I am confident that the distinguished leaders gathered here today are committed to maximizing the efforts of their respective countries and doing their utmost to formulate a wise international agreement that could draw the efforts from each party. I am convinced that we all share a commitment to sharing this.

Mr. President,

It is essential that we, gathered here at this Conference, reconfirm the decisions of the First Session of the Conference of the Parties, and that a steady step be made toward the adoption of a protocol or other legal documents necessary to create a comprehensive framework to limit and reduce levels of greenhouse gas emissions in developed country Parties beyond the year 2000. At the Third Session of the Conference of the Parties, we must adopt a legal instrument which is environmentally effective and highly feasibility to implement. In order to achieve this, we still have a lot to discuss, and it is vital that our discussions be accelerated. We should agree that taking the opportunity of this session to shift our emphasis from analysis and assessment to negotiation by consolidating the points and proposals which have been put forward.

Mr. President,

Japan believes that six points should be reflected as basic concepts in the legal instrument to be formulated; these are precautionary measures, environmental effectiveness, equitable and efficient distribution of policy efforts, positive direction and positive efforts, creation of a foundation for world-wide measures, and active use of technologies.

Based upon these recognitions, the Government of Japan presented a suggestion at the Ad hoc Group on the Berlin Mandate(AGBM) held last week with regard to QELROs. This suggestion aims to strengthen the effort of each country for the 21st century with differentiated targets among countries, by applying the rates of carbon dioxide emissions per unit of activities such as GDP, within the broad framework of reducing total carbon dioxide emissions of developed countries over the medium-to long-term, without loosening current commitments by each party under the Convention. However, Japan does not insist solely on this particular idea of carbon dioxide emission rates, and we welcome other proposals that are more feasible and more effective in achieving environmental conservation, and we wish to advance our work to further develop the discussions at the AGBM and give shape to it.

Mr. President,

We have heard a broad range of expectation with respect to an international agreement, which we must develop. For example, it should be fully implemented by all Parties, should be highly feasible to implement, and it should produce major effect on environmental benefits. In order to respond to these diverse expectations, we must not allow our discussions to focus only on the modalities of the objectives. We must consider a good design of policies and measures, and a way to review the degree to which the commitment is being fulfilled. Only through a process of coordinating the entire framework of the commitment can we possibly meet diverse expectations. Japan wishes to make proposals addressing these points to facilitate the discussion in the forthcoming AGBM meetings.

Mr. President,

As early as in 1990, Japan formulated the Action Program to Arrest Global Warming, and initiated wide-ranging governmental measures. Still, it is true that the levels of carbon dioxide emissions in Japan in FY1994 significantly exceeded the levels of 1990.

Hence, Japan is strengthening its efforts to fulfill the commitment under the Framework Convention on Climate Change. At the meeting of the Council of Ministries for Global Environment Conservation held recently, our Prime Minister directed the relevant ministers to take measures to ensure a greater degree of energy conservation in the industrial, transport, and residential and commercial sectors. In response, earnest consideration is underway on additional measures including those which can significantly expand energy conservation. Furthermore, a technology assessment for environmental conservation is

being conducted. In addition, there is rising momentum driving the development of new technologies in the industrial sector, and an increasing appearance of voluntary initiatives to curb emissions of carbon dioxide. Indeed, we are seeing steady growth in the so-called "Eco-industry." What is more, we have developed Household Eco-account Books unprecedented in the world, which aims to change household consumption patterns and is now being distributed around Japan. While car manufactures are making serious effort to achieve the world's strictest fuel efficiency standards, a nationwide movement has started to reduce unnecessary engine idling of motor vehicles. We have also initiated a process to reform governmental activities with a view toward making them more environmentally friendly, including purchase of low emission vehicles.

Mr. President,

Japan has actively cooperated with the in-depth review team last year. The results of that review are to be submitted to this session. According to the results, Japan has been commended as one of the countries with the highest energy efficiency in the world. However, it was sternly pointed out that, taken as a whole, the extremely diverse range of measures which are being undertaken in Japan are not necessarily proceeding in an effective manner. The Vice-Minister for International Trade and Industry, who is responsible for energy policy, is present here today and this witnesses that the Government of Japan will work in a well coordinated manner and I can assure that we take a more cost-effective approach to stabilize emission levels of greenhouse gases.

I believe that the measures taken by each country at home and those based on international commitments are mutually supportive in improving the quality of the environment. As such, while considering to strengthen international commitments for the 21st century, it is vital that we should also seek to strengthen the domestic measures and I would herein propose that the ministers gathered here take a vow to fulfill this.

Mr. President,

Japan, as an industrialized country, must play a leading role based on the concept of common but differentiated responsibilities. We have also been improving and enhancing the assistance to developing countries, in order to promote measures all over the world to counter global warming. In keeping with our commitment to expand Official Development Assistance for the environment announced at the Earth Summit, by last year, Japan has already contributed more than US\$9 billion over a four-year period, meeting the commitment one year ahead of the initial five-year schedule. Additional assistance is continuing. Japan is taking a wide-ranging initiatives including international training courses, workshops for experts on national communication and response measures, joint international research projects, and assistance for international cooperation between local governments. Indeed, there is growing interest among Japanese industrial sector, non-governmental organizations

(NGOs), and local governments in Activities Implemented Jointly, and full preparations have been made to go ahead with project implementation.

Furthermore, as Japan stated at the First Session of the Conference of the Parties, we are determined to spare no efforts to facilitate the success of the Conference of the Parties with a view to achieving the ultimate goals of the Convention. In particular, Japan intends to do its utmost in order that we will be able to reach an international agreement smoothly at the next Conference, which will act upon the successes of this session. In this context, the Government of Japan has decided to offer its hosting the Third Session of the Conference of the Parties in the City of Kyoto. Not only the people of Kyoto, but also the citizens of Kobe who are recovering from the earthquake disaster with the help from the international community, and the citizens of whole Kansai region, and indeed, all the people of Japan are looking forward to welcoming that session. Japan is fully committed to making every effort necessary to facilitate the success of that session. The Government of Japan hopes all Parties present here will support its offering.

Mr. President,

As citizens of the global community, every one of us shares the one and only earth, and has a responsibility to do what we can to prevent global warming though the content and degree of responsibility are different among us. No country and no individual has the right to pursue individual benefit to the degree that it damages our planet. It is my earnest hope that this session launches great efforts toward ensuring global benefits and pushing forward the challenge of all Parties, while taking into account the voices of environmental NGOs, industrial NGOs, labor's NGOs, local governments, and scientists.

Thank you very much.

Mr. President,

In Japan, measures to combat global warming are implemented through the close cooperation among the ministries and agencies concerned, under the overall coordination by the Minister of State, the Director General of the Environment Agency. Today, obtaining the generous permission of the Director General of the Environment Agency and you, Mr. President, I would like to make a supplementary statement with regard to this matter.

In order to solve the problem of climate change drastically, it is indispensable to realize international, as well as, medium to long-term technology development and transfer. To this end, Japan will contribute actively to the development of innovative technologies such as carbon dioxide fixation, with an aim to substantiate the Climate Technology Initiative.

As the Minister of State, the Director General has noted earlier, in order to fulfill the target for the year 2000, we are studying seriously additional measures with a view to radically

strengthening energy saving and new energy policies, such as measures to promote energy conservation based on "The Law Concerning Rational Use of Energy," that aims at energy use efficiency.

.With the firm belief that there are no national boundaries for the global environment, I wish to reiterate the necessity for the international community as a whole to tackle the climate change issue. In this context, let me confirm my firm determination to make the utmost efforts in addressing this issue, fully recognizing the importance of protecting the environment.

Thank you for your attention.

# SAMOA



## CONFERENCE OF THE PARTIES

To The

## UN FRAMEWORK CONVENTION ON CLIMATE CHANGE

Second Session  
Geneva, 8-19 July 1996

Statement

by

Ambassador Tuiloma Neroni Slade

Permanent Representative of Samoa to the United Nations  
on Behalf of the Alliance of Small Island States (AOSIS)

Ministerial Segment  
Wednesday, 17 July 1996

**Statement by Ambassador Tuiloma Neroni Slade,  
Permanent Representative of Samoa to the United Nations,  
on Behalf of the Alliance of Small Island States (AOSIS)**

**Ministerial Segment  
Wednesday, 17 July 1996**

Mr President, Honourable Ministers,

I have the honour to speak for the 30 Convention Parties who are members of the Alliance of Small Island States (AOSIS).

We are here under obligation of the Convention and at the direction of the Berlin Mandate to strengthen, as a matter of urgency, the commitments of Annex I Parties, through the adoption of a Protocol or another legal instrument at the third session of the Conference of the Parties, and in a manner consistent with the Convention's Objective.

The Convention's Objective directs us to stabilise atmospheric concentrations of greenhouse gases in the atmosphere that would prevent dangerous anthropogenic interference with the climate system.

Our small island and low-lying developing countries believe that we have discerned first hand the dangerous impacts of human interference with the climate system. Tropical storms of increasing frequency and severity are devastating our homes, national economies and development plans. Global sea level has risen between 10-25 cm in the past century: clearly, it poses the most profound threat to small island and low lying states.

We now have the conclusions of the IPCC Second Assessment Report, built upon transparent processes, based on the work of over 2000 leading scientists and endorsed by policymakers representing the global community. The conclusions confirm that impacts we have long known were dangerous will be felt in vulnerable areas around the world if action is not taken urgently to stabilise concentrations of greenhouse gases in the atmosphere. The SAR sounds a clear warning that we can no longer indiscriminately use the atmosphere as a dump for humankind's waste. We ignore this at the risk of the most serious consequences.

Uncertainties remain. But many of the anticipated changes may well be irreversible by the time there is certainty of outcome. Moreover, the momentum of change in the combined atmosphere-ocean system is such that the modifications of atmosphere composition taking place as a result of current human activity are already committing our children and their children to living in a world substantially worse to the one we know today. From the island perspective, dangerous anthropogenic interference is already occurring to the climate system.

Mr President,

While the Second Assessment Report fills us with concern, it also provides us with hope, for the success of our negotiations.

The IPCC considers that significant reductions in greenhouse gases are technically possible, and economically feasible. It also notes that significant "no regrets" opportunities are available; and that there is a rationale, on the basis of potential risk, for action beyond no-regrets at Annex I party level.

To stabilise greenhouse gas concentrations at or near present levels, immediate and very substantial cuts of about 50-70% of current levels of emissions are required. On the basis of the SAR estimates and projections, we believe that the targets and timetable proposed in the AOSIS Protocol remain credible and achievable.

The AOSIS Protocol proposes a flat rate of 20% cut in CO2 emissions at 1990 levels by 2005. This is only a first step, consistent with the IPCC report, and to be reviewed after 5 years, and subject to adjustments at that time as necessary.

The IPCC indicates that 10-30% reductions in CO2 emissions below present levels are feasible at zero or negative cost through "no regrets" measures. Using technologies that presently yield the highest output of energy services, efficiency gains of 50-60% would be technically feasible over the same time period.

A key task of COP2 is to endorse the IPCC SAR and to make a clear statement that a doubling of CO2 equivalent concentrations of greenhouse gases is dangerous and must be prevented. A Ministerial declaration from this COP to that effect is necessary; a clear responsibility Ministers must take. AOSIS believes that such a statement would also provide direction and encouragement to the Berlin Mandate process towards a protocol or another legal instrument for adoption at COP 3 next year.

Finally, Mr President,

In light of the discussions we have had this week, AOSIS would like to call the attention of Ministers to the principle of equity enshrined in Article 3.1. This principle compels us to acknowledge the role of historical emissions, the obligation to provide space for the development aspirations of poorer countries, and the need to provide for future generations. Accordingly, Article 3.1 requires the developed country Parties, all of them, to take the lead in combating climate change and the adverse effects thereof. This principle of equity should not be distorted to justify delay on the basis of the national circumstances of any individual country or to frustrate the achievement of the Convention's Objective.

Thank you.

STATEMENT OF COSTA RICA ON BEHALF OF THE GROUP OF 77 AND CHINA

JULY 17, 1996  
MINISTERIAL SEGMENT  
COP2

Ladies and Gentlemen, good morning. With the honor of speaking on behalf of the Group of 77 and China, I would like to begin by thanking you, Mr. President, for your admirable leadership of this meeting, whose implications touch all of humankind.

The Group of 77 and China sees important advances emerging from the Second Conference of the Parties.

At this meeting, the Second Assessment Report of the Intergovernmental Panel on Climate Change was presented as currently the most authoritative scientific assessment of climate change in existence, suggesting a discernible human influence on the global climate.

Also, the Group of 77 and China is pleased with the adoption of the decision on the preparation of initial national communications from non-Annex I Parties. This decision, already approved by the subsidiary bodies, is a big step forward in advancing the implementation of commitments of developing country parties in order to achieve sustainable development. Once approved by the Conference of the Parties, the formal communication of this decision to the GEF Council will help to guide its decision making and therefore advance the implementation of the Convention.

Still, however, it must be said that most of our work lies ahead of us. Perhaps most evidently, it is clear that many of the measures taken so far by the developed countries are inadequate. This was confirmed by the President of the First Conference of the Parties, Dr. Angela Merkel, who pointed out that the results of the review of the first national communications of the Annex I Parties are a matter of concern, since the countries with the higher emissions of greenhouse gases expect their emissions by the year 2000 to be above their 1990 levels.

Developed country Parties, in accordance with the Berlin Mandate, should strengthen their commitments in Article 4.2(a) and (b) of the Convention. These commitments must include the elaboration of policies and measures and the establishment of quantified emissions limitations and reduction objectives within specified timeframes for their anthropogenic emissions of greenhouse gases. Developed countries are falling short of their commitments to stabilize greenhouse gas emissions, and they are setting a bad precedent by evading their responsibilities rather than assuming the leadership they have committed to under Article 4.2 of the Convention.

Mr. President, ladies and gentlemen, let me take this opportunity here today to speak frankly with you. As we all know, the Convention represents a carefully laid-out balance based upon the principle of common but differentiated responsibilities. However, throughout these negotiations, the Group has felt pressured by Annex I countries to go beyond their responsibilities. In spite of the Group's considerable patience and flexibility, it is clear that this relationship is threatening to disturb the Convention's delicate political balance. It is the opinion of the Group that the ultimate source of this disturbance is the unwillingness of most of the Annex I countries to fulfill their obligations under the Convention to return to 1990 emissions levels by the year 2000. Consequently, and strategically, there has been an attempt to divert the focus of the deliberations away from this fact. This cannot continue.

It is worth recalling in this forum that the largest share of historical and current global emissions of greenhouse gases has originated from developed countries. The extent to which developing country Parties will effectively

implement their commitments under the Convention will depend on the effective implementation by those Parties of their commitments under Articles 4.5 and 4.7 of the Convention, related to financial resources and the transfer of technology.

The Group of 77 and China considers the issue of "the development and transfer of technology" as being of crucial importance to developing countries. We are concerned over the slow progress on the issue, and in particular, over the lack of implementation of Decision 13 of the First Conference of the Parties.

The Group stresses the importance of the need for technology transfer to meet the specific requirements of developing countries. Furthermore, there is a need to re-focus the issue of development and the transfer of technology to the building of endogenous capacities of developing countries, in order to enable and facilitate the optimal transferability of the technology, its adequate incorporation, and its practical applicability.

To this end, besides urging Annex II Parties to fulfill their commitments under Articles 4.5 and 4.7 of the Convention, the Group of 77 and China has proposed a comprehensive list of specific and concrete actions to the Secretariat, the SBSTA and the SBI that will facilitate the transfer of technology and know-how. The Group of 77 and China has urged the Annex II Parties to include in their national communications measures taken for the transfer of technology so that the Secretariat may compile, analyze and submit such reports to future Conferences of the Parties. We are pleased that this specific recommendation, among others, was incorporated in new draft decision on the Development and Transfer of Technologies approved by the subsidiary bodies, and we look forward to working with the Secretariat in the decision's implementation. However, we continue to be frustrated with the continued impasse in the establishment of the very important ITAPs for this Convention.

In fulfilling the obligations of the Convention for the Annex I Parties, the social and economic impacts on developing countries must be taken into full consideration, avoiding those negative impacts and assuring more equitable burden sharing.

Regarding the Financial Mechanism of the Convention, the Group of 77 and China recognizes the efforts of the Global Environmental Facility to adapt itself to the dynamic process of implementing the Convention. However, our Group is deeply concerned with the way the GEF is operating as the interim operating entity of the financial mechanism of the Convention, due to the difficulties encountered by developing country Parties in receiving the necessary financial assistance, and particularly, because the GEF's actions are inconsistent with the conclusions that we adopted in the previous session of the SBI. There is an urgent need for GEF to harmonize its strategies with the priorities of the Convention. The GEF's mandate as the interim financial mechanism of the Convention depends upon the Conference of the Parties, and not the reverse. It is fundamental that the strategy of the GEF regarding the implementation of the Convention be based upon the policy guidelines and program priorities provided by the COP. These guidelines and recommendations have been made clear during this and the last COP, and we look forward to the GEF's implementation of this decision. We have also, at this session, adopted a decision on guidance to the interim operating entity of the financial mechanism, in which it is stated that the only basis for funding the preparation of national communications of non-Annex I countries is the guidelines and format adopted for non-Annex I Parties.

In conclusion, allow me to revisit the text of the Second Assessment Report. The Group of 77 and China feels that the SAR is clear in presenting the negative impacts of climate change on developing countries. The particular vulnerability of developing countries to the impacts of climate change is manifest. This clearly illustrates what we may call "the human face of climate change."

Developed countries must, as the first important step, implement fully their commitments under the Convention. As we orient ourselves toward COP-3, we must move forward. Thank you.

THE UNITED KINGDOM  
OF GREAT BRITAIN  
AND NORTHERN IRELAND

Statement made by  
the Rt Hon John Gummer PC MP,  
Secretary of State for the Environment

to the second session of the  
Conference of the Parties  
to the UN Framework Convention on Climate Change

Wednesday 17 July 1996

Department of the Environment - Global Atmosphere Division  
Room B251 - Romney House - 43 Marsham Street - London SW1P 3PY - UK

Thank you, Madam Chairman.

This very building ought to present us all with an awful warning. It is, after all, here that nations, full of good intentions, committed themselves to taking common action in the League of Nations - to prevent war.

It was here, too, that we failed to take that common action; we failed to stand up to powerful interests; we failed to call the bluff of the purveyors of falsehood who put their selfish concerns before the interests of the world community.

And today, we must not make those mistakes again. The credibility of the governments of the world is on the line.

At Rio, we developed countries agreed to return our emissions to 1990 levels by the year 2000. We developed countries accepted that as we had benefitted from the pollution we had caused, so we had to shoulder the burden of cutting those emissions.

Today we know, as the Canadian Minister admitted, that many developed countries are not reaching those targets. And, frankly, this is not good enough. We can't allow ourselves to be let off the hook, even with that first set of targets.

I'm happy to say that the UK will improve on its Rio agreement by between 4 and 8%. That is better than most, but it is still not good enough. That's why, at Berlin, I called on all developed countries to reduce their emissions to 5 to 10% below 1990 levels by the year 2010.

All developed countries need to do this, and to sign up now. I have to disagree with my Australian colleague when he said he was "looking for an effective and long-term regime". No developed country can properly avoid action - and action now. The time for looking is past.

As we rich nations shoulder our burdens, so too the developing nations must all follow the example of the best, and meet their Rio commitments. They too, as the Ghanaian Minister said, will need to recognise that their growth cannot so undermine the efforts of others that together we will not reach our aims. It cannot be that the people of the developed nations will continue along the path of duty, if they feel that they are not joined in this by the whole of the world.

And, therefore, we shall have to help those developing countries, not only through the GEF, but also by exporting only clean technology and not, in future, passing on our second-hand factories to pour out emissions in the third world - emissions which we would not tolerate in the rich countries.

It's for us to remember that this is one planet, one atmosphere, and the emissions do the same damage wherever we put them into the air. So we who have profited from pollution must act.

It's simply not good enough for major producers of fossil fuels, both oil and coal, to claim that their financial interests should stand in the way of progress in making significant reductions in greenhouse gas emissions.

The scientific basis for action is clear. If we are persuaded by the science, we ought to bring forward proposals for negotiation now. And none of us should give way to the commercial propositions which are hidden by the pseudo-science of those who pretend that what the world knows to be true can be put on one side because of an individual's desire to promote his particular and prejudiced view.

And there is no point in making medium- or long-term plans for dealing with climate change. The effects are here now. It's not just a question for our children, it's for us; I've looked round, Madam President, and I don't think there's anyone in this hall who's so old that he or she will not be affected directly by climate change within his lifetime - unless he falls under a tram in Geneva before the end of this Conference.

Therefore, I am proposing today a number of "no-regrets" policies and measures, on the precautionary principle, which will support the European Union's determination to have significant reductions. The United Kingdom is committed to the European Union, and particularly to its policies on these matters. I believe that these propositions would not only make significant reductions in greenhouse gas emissions but also improve economic welfare. And again I have to disagree with my Australian colleague, when he tried to make a distinction between economic needs and the needs of climate change. I think my Chinese colleague did the same. I have to say the two march hand in hand, and must not be divided.

First of all, we must remove subsidies on the use of fossil fuels. This is an essential first step, and is not met by quite a number of developed countries who could do so. There is no point in seeking to mitigate the effects of CO<sub>2</sub> whilst providing an inducement for people to use more.

Secondly, we need to introduce competition into energy markets, because competition brings benefits to consumers and provides incentives to energy efficiency and innovation.

In the United Kingdom, where we have done the first and the second, we have discovered the enormous advantages for the reduction of emissions.

Thirdly, we must make a significant increase in road fuel duties. Road transport is a rapidly growing source of emissions. Increasing duties would encourage greater fuel efficiency and also address air quality problems.

We have an open-ended commitment for some years now to increase our fuel duties by 5% ahead of the rise in the cost of living, and that seems to me to be a proper way of addressing this in every country.

Fourth, we must improve the fuel efficiency of cars. Voluntary agreements with manufacturers can achieve the significant improvements in fuel efficiency which are technically possible, particularly when linked with increases in fuel duty.

Fifth, we must introduce a tax on aviation fuel. Every time we run one of these climate change conferences, we do a great deal to damage the global atmosphere, by the aeroplanes we travel here in. Planes make a significant contribution to greenhouse gas emissions, and they do so directly into the upper atmosphere. Forecast growth is high and as yet aviation fuel is still exempt from tax. We have to do that on a global basis, and the UK has therefore, with other countries, called on ICAO to review the present exemption - and by review, we do not mean look at it and say that nothing can be done.

Sixth, we must renew efforts to improve energy efficiency. This saves consumers and industry money and can make a significant contribution to reducing emissions.

Seventh and lastly, we must improve efficiency standards for domestic appliances and office equipment. We should work together with manufacturers to see what scope there may be to increase minimum standards. And we must in that respect set the example in our own national and local government procurement and in the way in which we run our own offices. Some of the least energy efficient offices in Western Europe are owned by governments, and some of them owned by the governments who talk most about energy efficiency.

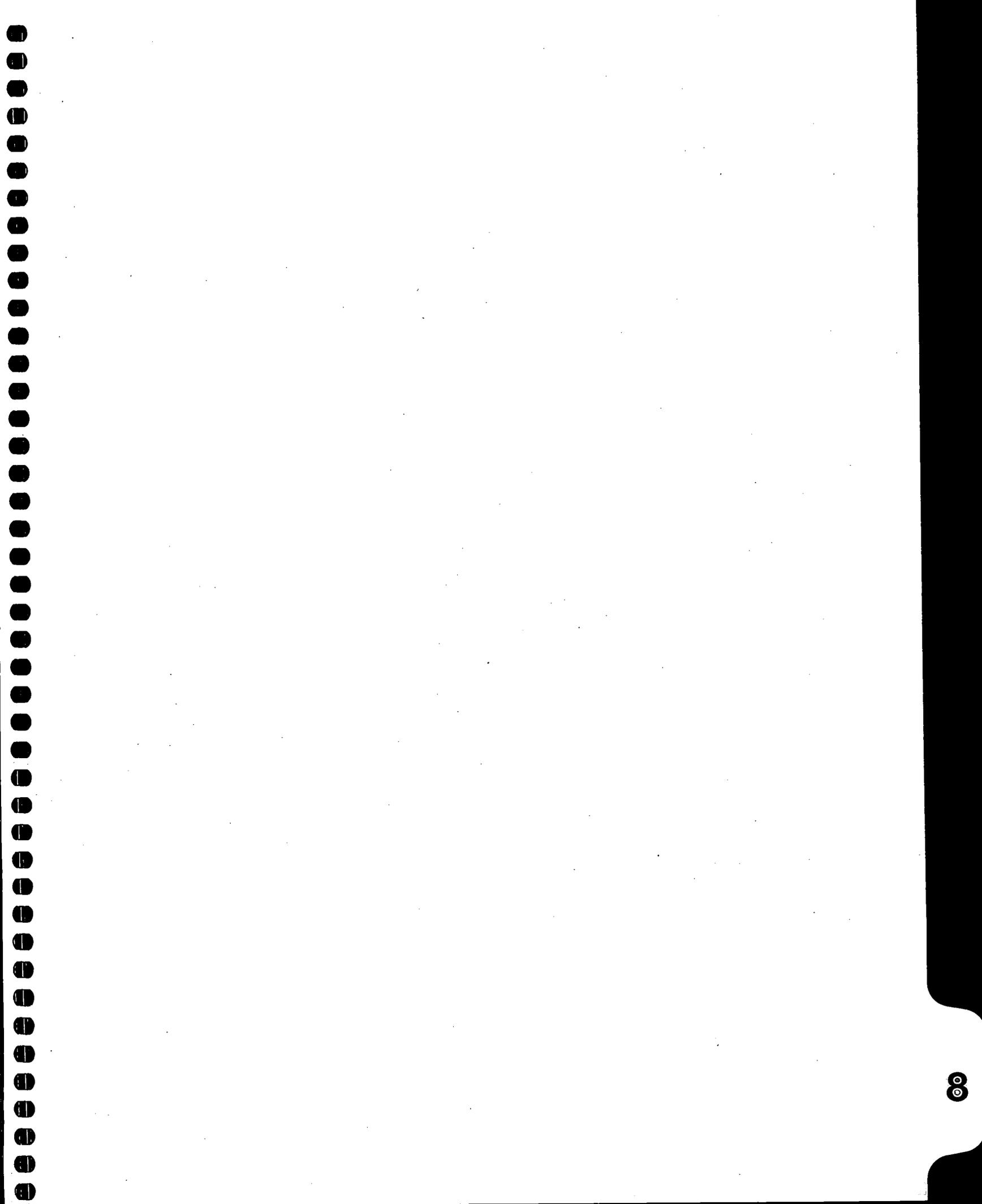
The attraction of these policies and measures is that they would have benefits for all countries, developed and developing. They can be done by us all. Most could also be adopted now by countries who are currently in danger of failing to honour their Rio commitments.

And most of us, Madam Chairman, are not prepared to hear serious countries seriously saying they cannot achieve by the year 2000 what they signed up to. Nor are we prepared to hear serious countries re-jig the figures in order to pretend that they have met those commitments.

So in conclusion, global climate change needs global action now. We have a clear message from the IPCC about what is in store for us if we do not act. The alarm bells ought to be ringing in every capital throughout the world.

We must not fail to create a universal partnership to cut greenhouse gas emissions significantly. The "After you, Claude" attitude to international negotiations is not enough, for it's in our lifetime that Claude is going to be affected by greenhouse gases.

To get a new agreement in Japan next year demands, Madam Chairman, a new urgency here in Geneva this week, and to give to this hall a new claim to fame: not as the place of failure but the place of global success.



**UNFCCC PRESS RELEASE**

Please note that this is not a UNEP Press Release:

UNFCCC PRESS RELEASE

MINISTERS AFFIRM SCIENTIFIC BASIS FOR ACTION ON CLIMATE CHANGE

GENEVA, 19 July 1996 (UNFCCC) -- Ministers attending the second annual Conference of the Parties stressed in their final declaration the need to accelerate talks on how to strengthen the UN Framework Convention on Climate Change.

The ministers also endorsed the 1995 Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) "as currently the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available".

They further stated that the Report "should provide a scientific basis for urgently strengthening action at the global, regional and national levels, particularly action by Annex I (industrialized) countries to limit and reduce emissions of greenhouse gases".

"The continuing talks on new commitments for developed countries will not be easy", says Mr. Chen Chimutengwende, President of the Conference and Zimbabwe's Minister for Environment and Tourism, "but this ministerial declaration demonstrates that there is overwhelming support from most Governments for taking serious action against climate change."

Over 900 government delegates -- including some 80 ministers -- and 600 observers participated in the two-week meeting, which ended here today.

The meeting also adopted a number of formal decisions and conclusions. One of the most important is an agreement on the contents of the "national communications" that developing countries will start to submit in April 1997 (most developed countries have already completed their first communications). The information about national policies and greenhouse gas emissions contained in these documents will play a major role in generating internal and external support for developing countries to design and implement their own climate change strategies.

Other decisions concern technology transfer, financial support for Convention-related activities in developing countries, and the pilot programme for "activities implemented jointly" for reducing global greenhouse gas emissions.

In addition to the political negotiations, the Conference was marked by the expanding participation of non-governmental organizations (NGOs) representing environmental groups,

businesses and local governments. Some 40 special events were held in the margins of the meeting and featured such issues as the concerns of the insurance industry about the costs of climate change, the potential health effects of climate change, and the development of new energy technologies.

The next negotiating session will take place in Geneva in December, followed by two or three sessions in Bonn in 1997. The third session of the Conference of the Parties will be hosted by Japan in the ancient city of Kyoto from 1-12 December 1997. This meeting is expected to adopt a protocol or other legal instrument containing stronger commitments by developed countries for the post-2000 period.

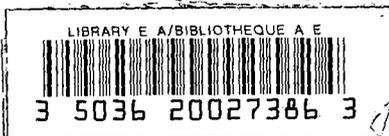
The Convention secretariat will now begin moving to its new headquarters in Bonn.

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(Official documents and other materials are available on the Internet at <http://www.unep.ch/iucc.html>)



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