

Framework Convention on Climate Change (FCCC)
Ad Hoc Group on the Berlin Mandate (AGBM)
Subsidiary Body for Scientific and Technological Advice (SBSTA)
Subsidiary Body for Implementation (SBI)

**EIGHTH SESSION OF THE AGBM
AND SEVENTH SESSIONS OF THE SBSTA AND SBI**

OCTOBER 20 to 31, 1997

Bonn

DELEGATION REPORT

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CANADIAN DELEGATION REPORTS

REPORT: AGBM 8, Bonn, October 1997

---Disappointing progress was made at AGBM 20-31 Oct with virtually all outstanding issues remaining unresolved, and little time before a final negotiating text is to be adopted at Kyoto in early December. Major unresolved issues of priority interest to Canada include the level of reduction targets for Annex 1 Parties, post-Kyoto negotiations for developing country commitments to limit emissions; joint implementation, emissions trading, differentiated vs. flat rate targets and timetables, the EU Bubble, and the role of sinks in reduction targets. Canada played a constructive role in the negotiations, coordinating contact groups on evolution, compliance, and emissions trading and playing a bridge building role on possible indicative factors for differentiation, the calculation of sinks and technology transfer. Canada also continued to chair the Common Interest Group of Annex 1 countries, JUSCANZ, and served on the Bureau.

2. EU-USA (and JUSCANZ) differences were acute, although a package seemed to be forming. Principal points of difference were: (a) policies and measures (although differences in the coordinated and mandatory approach versus USA flexible approach are lessening); (b) developing country commitments (EU is soft, USA is hard); (c) joint implementation with credits (USA wants certain inclusion of developing countries, while EU shares G-77 position that the pilot phase should not be prejudged); (d) emissions trading (EU is reserving and linking to level of commitments); and (e) EU bubble, or joint EU commitments.

3. G77-OECD differences were no less acute. A North-South divide pervaded the climate of negotiation on Article 4.1 commitments (basic undertakings such as reporting and mitigation measures) and, predictably, on financing. G-77 remain adamantly opposed to anything which remotely looks like new commitments on their part. Moreover, in light of what they perceive as conservative commitments, G-77 is seeking to delete from the text all flexibility features (not only borrowing, trading and JI, but even banking and the very notion of budgets). Surprisingly, G-77 managed to keep its diverse group intact with lowest common denominator positions, although cracks were starting to form with respect to AOSIS and Africans in particular. OPEC countries remain as difficult as ever. The overall dynamic, in short, remained charged, and increased political will and flexibility on the part of all will be required to ensure a completion of negotiations at Kyoto.

4. Targets and timetables: Clearly a highlight of the AGBM was the announcement of the USA position. The main elements of the US position are stabilization at 1990 levels by 2008-2012; and as yet unspecified reductions below 1990 levels in the 5 year budget period thereafter (number may be negotiable at Kyoto); meaningful developing country engagement (key countries) without which US would not assume binding commitments; emissions trading; credited joint implementation with developing countries; and a substantive domestic implementation package with tax cuts and large incentives for technology component. US has stressed that this represents at least a 25-30% reduction

from Business as Usual and is thus comparable in economic hit as the EU proposal for 15% cuts from 1990 levels is on the EU. It also argues that because its proposal covers all gases and sinks, it is more ambitious than both EU and Japanese proposals. EU and G 77 were unmoved however, and typed the US proposal as offering little more than the current Convention commitments.

5. Another proposal was presented by the Russia which proposed an Annex 1 wide bubble. Although unclear, it appears countries would pledge their level of commitment (e.g. USA already pledged stabilization, the EU a 15% cut, the Japanese a 2.6% cut), which would then be applied to the bubble. G 77 also tabled a targets proposal along the lines of the EU proposal, whereby Annex 1 countries would be required to stabilize emissions by 2000, reduce 7.5% from 1990 levels by 2005, and 15% by 2010. The G 77 then propose that Parties assume an additional 20% reduction by 2020. The G-77, against the backdrop of what it perceives as conservative targets, continue to oppose any and all flexibility mechanisms such as budgets, trading and JI, as well as any reference to voluntary commitments for LDCs, let alone any other further action from them.

6. Banking and Borrowing: EU and JUSCANZ supported permitting banking, although the G-77 sought deletion, along with other flexibility elements. Bigger issue was whether Parties should be allowed to credit reductions prior to the initial budget period. This is a particular concern with respect to the "paper tonnes" of Russia and the Economies in Transition (EITs) (i.e., whereby countries could potentially meet their future targets by purchasing credits for reductions that have already taken place in the EITs. This would actually allow global emissions to grow during budget periods). Canada is keen to address concerns by Russia and the EITs that early reductions be recognized (through a banking period before a target or budget period) but is also aware that the issue of paper tonnes needs to be addressed. Informally, Canada is exploring the notion of recognizing discrete activities which show real reductions from a BAU scenario. Canada also supports pre-budget banking of reductions on the provision that the amount credited prior to the first budget period be subtracted from the first budget period.

7. Borrowing remains a highly contentious issue with the EU and G-77 and some JUSCANZ Parties strongly recommending its deletion from the text (although the EU may be more flexible if it is related to compliance). USA and Canada stated that borrowing is a useful tool in helping countries to make necessary adjustments due to unforeseen circumstances. The United States indicated that, in any case, borrowing should include limits on how much could be borrowed from subsequent budget periods and 'interest charges' or penalties, should be applied on any amount borrowed. This is consistent with Canada's position.

8. Differentiation: Canada spoke out strongly in favour of ensuring that mechanisms for differentiated commitments remain in the current negotiation text. Objectives were to: introduce Canada into more focused differentiation discussion noting our own national circumstances and to highlight that a single formula was

untenable but that a multiple formula or a negotiate approach may be more realistic. Canada accordingly participated in a small contact group chaired by Switzerland on this issue along with countries which have specific differentiation proposals, and secured our principal objectives. Group reached agreement on the terms of Annex C to the Protocol, which now lists factors which countries may take into account in presenting their national circumstances for their differentiated target. Canada played a facilitating role.

9. While loose agreement was reached on relevant articles in the agreement on differentiation amongst differentiators, the EU and the US continued to express strong opposition to differentiation; G-77 is also proposing a flat rate approach. Although they allowed inclusion of relevant articles, annexes and attachments in the negotiating text, it was also clear that they are not any more open to its inclusion in the final agreement at Kyoto. There also remain divisions among the differentiation group. Some countries promoted the view that countries should only differentiate from a uniform base percentage rate of reductions (thereby ensuring that all countries, regardless of their differentiated target) would still reduce their emissions, one pressed for a minimum target for all Parties in the differentiation group, which made reaching conclusions a significant challenge. End result is that the concept of differentiation is in the text in a sensible form, and is left as a possible alternative approach in Kyoto. Norway, like Canada, made efforts to ensure that the text was flexible enough to accommodate a range of possibilities and that it would not be prescriptive.

10. Sinks: Despite large number of discussions on this issue, there remain a number of unresolved issues related to whether or not sinks should be included in QELROs in the first, and subsequent budget periods. For those Parties that have advocated exclusion, of primary concern are issues related to the net approach, the uncertainties associated with the methodologies and the definition of anthropogenic. Although late in the day, there is intense interest and a willingness on the part of most Parties to try to reach agreement on how best to include sinks in the Kyoto Protocol. The plethora of discussions have enhanced understanding on all sides. Given this desire to build on the progress made thus far, a consultation group of interested Parties has been tasked with providing the FCCC secretariat with comments on a number of specific questions on sinks, which will be used to produce a "non-document" prior to Kyoto. This paper would outline the concerns of Parties and ways to move forward in defining the inclusion of sinks and will be developed intersessionally for input to the Secretariat on November 12. This group will resume discussions on November 30 in Kyoto.

11. Coverage & Methodologies: Discussions focused on how to specify what gases and sources & sinks should be included in the Protocol, including through a technical working group tasked with work on the annex specifying gases and on global warming potentials (GWPs). Concerns focussed on two issues: the additional uncertainties introduced by using GWPs to compare different gases for which there are significant differences in emission certainties, and the question of

appropriate time horizons. Although no consensus was reached by the contact group and in plenary, discussions held bilaterally, and within the Sink contact group, indicate that much of the concern associated with GWPs, and the use of a basket approach will be dealt with in further intersessional consultations on sinks, since they deal with uncertainties and verification. For now uncertainties related to these issues are preventing agreement on either a "net approach" or on comprehensive coverage. Both are supported by Canada.

12. Flexibility for EITs: A new negotiating text was introduced which basically restates the provisions of the FCCC, namely that special flexibility should be provided in the case of those Annex 1 Parties who are undergoing a transition to a market economy. It also continues to allow some of these countries flexibility on their base years, in keeping with a COP 2 decision.

13. Greenhouse Gas Emissions Trading: The EU and G-77 continue to express strong reservations on the inclusion of an article on trading in the negotiating text. The G-77 strongly feels that it contradicts the terms of the Berlin Mandate and refused to enter into any substantive issues on the topic. EU and JUSCANZ Parties, with Canada coordinating, successfully drafted an improvement to the Chairman's text although consensus on the document was not reached within the OECD. The EU is divided on this issue with UK, in particular, strongly promoting it, and others, especially France, opposing it.

14. Joint Implementation (JI): Discussions did not advance this file in any measurable way. ACAP (core JUSCANZ) colleagues spoke with one voice supporting inclusion of the premise in the Protocol of allowing projects to take place in developing countries and supported crediting of those projects, although the US and Canada took the lead. G77 wants total deletion of the Article. EU wants JI only among Annex 1 and Article 10 Parties (developing country Parties which assume binding commitments on a voluntary basis). The text has JI only among Annex 1 and Article 10 countries (the EU position), with any future participation of LDCs left conditional upon some possible future decision of the COP on the future of the Pilot Phase under the Convention.

15. EU Bubble - Two discussions were held on this thorny issue, one on policy aspects, such as the political acceptance of joint commitments under the EU Bubble, and the second one on the legal aspects, such as accountability of the EU in cases on non-compliance. In the policy debate, Canada with other like-minded countries, indicated that the EU Bubble is not acceptable. They refused the EU Bubble from an equity perspective and criticized its lack of transparency, particularly with respect to competencies and accountability. Some made linkages to trading by explaining that the EU could pursue burden sharing through emissions trading rather than through a questionable bubble. The legal debate, which was based on a draft EU legal text, focussed on obtaining clarification from the EU on the issue of accountability of the EU in cases of non-compliance, implications of future modifications of EU membership on the EU QELROS and the EU's

competency to become a Party to a Kyoto Agreement. In both debates, the EU did not provide fully satisfactory responses.

16. Compliance: Canada tried to include in the negotiating text some building blocks for a regime, particularly an explicit reference to a possible Early Warning System, which would address cases of probable non-compliance, including those resulting from unforeseen circumstances. Issue was referred to a working group chaired by Canada, and while some delegates were reluctant to have detailed discussions pre-Kyoto, group produced an improved text. The resulting Article 17bis now providing that the non-compliance regime to be established would take into account the reasons and circumstances for non-compliance. It is also requiring further negotiation on penalties, possibly an agreement before Kyoto to specify or restrict possible penalties, for which further policy guidance would be needed. The Group of G77 and China supported financial penalties, initially proposed by Brazil (with little support so far). No delegation proposed trade measures. (Neither are supported by Canada). The non-group on institutions developed an improved text of Article 17 providing for the application of the concept of the Multilateral Consultative Process referred under the Convention to the Protocol. Through this Article, Canada would be able to further develop an Early Warning System, preferably in prompt start discussions to take place prior to the entry into force of the Protocol.

17. Policies and Measures: These issues moved some. The US and EU, which held very divergent views on the treatment of P&Ms in the past, now stand within a reasonable range. While they had some concerns with the Chair's text, JUSCANZ countries generally found that it did hit good middle ground. EU and G77 were successful in re-inserting some key elements of their respective proposals: for the EU, this includes a strong coordination process and a mandatory list of intrusive P&Ms. The G77 elements include a conditional link to the compensation to accommodate impacts on developing countries, and a new set of mandatory measures, which reveals the fragile balance between OPEC and AOSIS interests within the G77. As a result of thorny negotiations, Article 2 is now longer and more complicated. Canada ensured that the text accommodates its interests, with maximum flexibility left up to Parties. Consensus text was reached on provision on national P&Ms and cooperation between Parties on information sharing. This text was the outcome of a small contact group chaired by Canada.

18. DEVELOPING COUNTRIES' ISSUES: Advancing Article 4.1: Some progress was registered on this Article, although the discussions were divisive and much remains unresolved. The contentious issues include formulation and implementation of national programs for mitigation, technology transfer, taking climate change considerations into account in decision-making by the govts and the international financial institutions. Negotiations were generally tough, with typical Annex 1 and G 77 dialogue over the interpretation of quote advancement of commitments unquote, definition of quote mitigation unquote, and inclusion of quote funding from developed Parties unquote wherever possible in the text.

19. The most contentious issue under this Article in Kyoto is likely to be the formulation and implementation of national programs containing policies and measures by all Parties. Most of the Annex 1 Parties view this to be the only substantive paragraph in the text which really advances the current commitments without introducing any new ones. However, G 77 views this to be a new commitment and thus continues to oppose. Technology transfer is another area where we can expect long protracted debate in Kyoto. Areas where progress was made include removal of requests for quote financial resources (now consolidated within Article 13) as well as agreement that developing countries move towards standard methodologies in preparation of national communications.

20. Financial Mechanism: Discussions strictly focussed on the financial mechanism of the Protocol to advance the implementation of existing commitments under Article 4.1 of the Convention. USA, EU, UK, Canada, and Japan made it clear that no new funds or mechanisms are appropriate as we are dealing with the advancement of existing commitments rather than the new commitments. As a result of stalemate, the agreement was to stay close to Convention language. Since the Convention includes differentiated provisions for the preparation of national communications (full funding) and the other elements of Article 4.1 of the Convention (incremental funding), negotiations on what elements of Article 12 are eligible for full funding as opposed to incremental funding are likely to be difficult.

21. Voluntary Commitments By Developing Countries: Annex 1 and G 77 are far apart on this issue. G 77 would like to delete this Article while Annex 1 strongly supports its retention. OECD countries made some improvement to the bracketed text in order to make this Article operational.

22. Review of commitments: Text originally proposed by the Chair had provided for reviews of Annex I countries only. Nauru stickhandled this issue not only for AOSIS but for Annex I countries as well by ensuring that the review would apply to all commitments contained in the protocol. This was quickly endorsed by core OECD countries. India and China, however, insisted on a linkage to Article 3 commitments -- ie, the targets assumed only by Annex I countries. This portion of the provision will therefore go in brackets to Kyoto. The second portion of the text is equally important and was agreed: it essentially provides for a review of commitment implicitly, through a link to Article 7.2(a) of the convention. A possible date for a first review remains outstanding. Some regard this as a building block to accommodate "evolution".

23. Evolution: USA continued to lead in efforts to secure a reference to possible future binding commitments by developing countries, supported by Australia and Canada. That said, the chair entertained only very limited discussion on this issue since it is outside the parameters of the Berlin Mandate. EU on the other hand, is soft on this issue. Without a solid common front amongst core OECD countries, and with limited time to pursue a separate decision at Kyoto, prospects look difficult for this set of issues.

24. National Communications: Articles 7 and 8 of the Protocol deal with National Communications aspects for Annex 1 Parties. There are no brackets in the text and Canada is satisfied with the outcome. We managed to remove the text on quote the assessment of impacts of Annex 1 policies and measures on all Parties unquote, which was too onerous. The current text does not include language on the review of national communications from Non Annex 1 Parties.

25. Issues related to institutions: Conference/Meeting of the Parties, Subsidiary Bodies and Secretariat - The issue of the bodies for the Protocol generated a long debate with the Group of G77 and China seeking that the CoP's bodies retain control over the Protocol's bodies. As requested by all other Countries, the revised Chair's text did not take these views on board. However, the proposal made by the Group of G77 and China will be forwarded to Kyoto for further discussion. Further policy guidance is needed on the acceptability of the list of functions for the Protocol's bodies.

26. Rules of Procedure - Attempts to reach a consensus on the Rules of Procedure failed, with OPEC reps still objecting. A draft CoP decision will be forwarded to Kyoto for consideration. This decision proposed that the Rules of Procedure be adopted, except for rules 22(1) and 42(1) on the understanding that Rule 22(1) on the election of Officers will continue to apply. OPEC Countries refused to agree the former Rule as they want a dedicated seat on the Bureau, for the latter they are insisting on consensus. The CoP President will table a new proposal on Rule 42(1) to provide two options, three-fourth or seventh-eighths majority on the decision for substantive matters. Further policy consideration should be given to these two options.

27. Entry into Force - Canada requested that the entry into force be subject to a double trigger consisting of 50 ratifying countries provided that the ratifying parties represent 5 Gigatonnes of Carbon based on 1990 CO₂ emissions (This represents more than 75% of global carbon emissions of 6.1 Gigatonnes, but percentages were deemed to be too uncertain to cite as the double trigger) instead of 3 as provided in the current negotiating text. This trigger would ensure that a USA ratification would be a precondition for the Protocol to enter into force. The proposal did not garner much support.

28. Relationship With Other Agreements (WTO Agreement) - Australia proposed a text indicating that the Protocol "shall not derogate from rights and obligations of Parties under existing international agreements and, in particular, [...] WTO Agreements". Candel supported (as we had at the last AGBM) but the EU objected. Australians advised that their principal aim was to preclude trade sanctions on non-parties or non-complying parties. This was consistent with the approach they took in compliance discussions.

29. Arrangements for CoP 4: Bonn was confirmed as the site for CoP 4 in November of 1998; Argentina (Buenos Aires) was interested in hosting CoP 4 but capacity problems in that time frame could not be overcome.

30. Next steps: Text was adopted to the extent it was agreed. Chair Estrada left open the possibility of trying his hand at another text. A key opportunity to further the process will be a Ministerial meeting in Tokyo (November 8 and 9), to be chaired by Japan's Minister for the Environment and attended by core Annex I and developing countries, including Chair Estrada.

Report prepared by Cam Carruthers and Sushma Gera in conjunction with the delegation and approved by Jennifer Irish

**Report of the Subsidiary Body on Scientific & Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI),
October 20 - 31, 1997**

---The Seventh session of the SBSTA and SBI focussed on transfer of technologies, cooperation with relevant organizations, Activities Implemented Jointly, methodological issues, review process for national communications, and review of the financial mechanism and determination of the status of GEF. Draft decisions on technology transfer, cooperation with IPCC, observation networks of climate system, and the budget will move forward to COP 3. No substantive progress was made on the process for consideration of non Annex 1 National communications and neither was GEF confirmed as the permanent entity of the financial mechanism of the Convention. It was decided that COP 4 will be held in Bonn, Germany in November 1998. The COP 3 agenda was adopted with an item that would allow a parallel decision to be considered at Kyoto related to possible future commitments by developing countries if we prove successful in these efforts. Generally, the work of these subsidiary bodies of the convention were overshadowed by more pressing Kyoto preparatory negotiations held concurrently.

2. Informal meeting with the Intergovernmental Panel on Climate Change (IPCC): Outgoing chair Bert Bolin and incoming chair Robert Watson were both present to discuss IPCC issues including the Special Report on the Regional Impacts of Climate Change and Technical Paper 4, Implications of Proposed CO2 Emissions Limitations which were presented to SBSTA. Status reports of work currently in progress, including special reports on aviation, methodological and technological aspects of technology transfer, and emission scenarios were highlighted. Finally, the IPCC received suggestions for policy-relevant science questions that SBSTA parties would like to see addressed in the Synthesis Report of the IPCC's Third Assessment. Parties have until January 20th, 1998, to provide additional suggestions to the secretariat. It should be noted that Canada has one seat on the new Bureau of the IPCC (Dr. John M.R. Stone, AES/DOE).

3. Cooperation with relevant international organizations: The SBSTA received reports provided by the World Meteorological Organization, including one describing the decline of the number of national stations participating in the Global Climate Observing System (concern is relevant for Canada). The point was made that it is difficult to reduce uncertainties when the foundation of data and information on which scientific understanding is based faces ongoing erosion. The Global Environmental Facility has attempted to address the issue by providing some funds for the establishment and operation of several stations in the most data-scarce regions. Other reports were received from the International Civil Aviation Organization (ICAO) and the UNEP Technical Panel on the Montreal Protocol.

4. Methodological Issues. Concern over the year-to-year

variability in emissions of greenhouse gases, and in the factors affecting total annual emissions, sparked some discussion of methods to adjust the data (e.g. averaging emission values over 3 or 5 years; averaging temperatures over some time period; incorporating some socioeconomic indices etc.). SBSTA decided to reinforce the current practice of requiring Parties to submit unadjusted data plus, if Parties so wished, adjusted data with a clear explanation of the adjustment methodology. In response to a letter from the AGBM requesting guidance on methods used to derive values for greenhouse gas sources and sinks, and on the use of global warming potentials, considerable discussion ensued. Canadian concerns for methods to identify and calculate carbon sinks (e.g. boreal forest) were shared with some other Parties. Canada supported much of the New Zealand proposal regarding sinks. With regard to global warming potentials, Canada urged the continued use of current IPCC guidelines, but also recognized the need for such guidelines to be revised and updated. Because parties were unable to come to consensus on these two issues, the draft decision paper was abandoned and SBSTA chair Tibor Farago decided to respond to the AGBM letter with a letter of his own.

5. Annex 1 National Communications: SBI took note of the first compilation and synthesis report on the second national communications; only 18 Parties had submitted by August. Others were urged to submit their communication as soon as possible. It was also noted that additional efforts would be needed by many Parties to return their GHG emissions to 1990 levels by 2000. Secretariat will make available each Party's annual emission inventories on the Convention Web site. Decision is put forward to CoP3 referring to publication of inventory data and a streamlined in-depth review process. SBSTA 9 will consider, the need for and the nature of additions/amendments to the revised FCCC guidelines for the preparation of Annex 1 communications, taking into account methodological issues.

6. National Communications from Non-Annex 1 Parties: No substantive progress was made on the process for consideration of the National Communications of non-Annex 1 Parties. Due to significant divergence in positions, availability of only 3 national reports, and insufficient time, Annex 1 Parties did not push for a decision at COP 3. The SBI decided to continue its deliberations on this issue with a view to coming up with a decision at COP 4 on the basis that the effort might have improved prospects in the less politically charged atmosphere post-Kyoto. It was also agreed that the SBI will hold a workshop before its 8th session. Parties were invited to submit comments on the draft compilation of the non-group prior to 21 March 1997.

7. Transfer of Technology. Items discussed under this heading included a report on adaptation technology; the technology information "needs survey", and the development of a plan for technology information centres and networks. The Secretariat will interact with the University of Amsterdam to expand the survey to include all non-Annex I Parties. The IEA will be

encouraged to open its "Greentie" project to all Parties and to identify options for training support. With regard to international centres for technology transfer, Parties will be invited to submit comments prior to March 30, 1998. SBSTA will also ask the SBI to consider options for funding international centres and enhancing support for national or regional centres. The Secretariat will investigate additional funding options through the GEF and other potential sources. Parties' views on national communication reporting information on the financing and transfer of technology will be accepted by the Secretariat until March 15, 1998. Resulting changes will be discussed at the next SBSTA. During discussions on these items, Canada reiterated its position concerning the significance of the role of the private sector in the transfer of technology.

8. Roster of Experts. SBSTA agreed to expand the current roster, especially in the area of the economic and financial aspects of the transfer of technology and know-how. For upcoming activities, the Secretariat will try to anticipate expert needs and, if necessary, ask Parties to nominate additional experts. Experts will, among other things, be asked for advice on specific technological and methodological issues, including the preparation and review of reports. The Roster will now be updated on a regular basis, and will be maintained in such a way that the need for a balanced regional representation is taken into consideration. Capacity building remains as a significant objective. The usefulness of the Roster will be reviewed at a future SBSTA meeting. Canada will have an opportunity to identify additional experts for the Roster.

9. Annex 1 Experts Group on Policies and Measures: The Annex 1 Expert Group on the FCCC held a brief meeting on Monday 27 October attended by a very limited number of participants. Final drafts of the two outstanding papers of the Electricity Sector Common Action Study (Market Reform and Voluntary Agreements (VAs)) were discussed. Canada proposed slight modifications to the VAs paper that were accepted. However, due to the short notice, countries were given extra time to allow for experts review and written comments. Final version of these papers will be published by CoP3. Regarding other ongoing work, further drafts of the Options Paper on Emissions Trading, the OECD Compliance Backgrounder and the Methodologies paper were to be sent to capitals by mid November for possible completion by COP3.

10. Review of GEF: No progress was made on the review of the GEF as the operating entity of the financial mechanism of the FCCC. This issue will be re-visited, but its immediate prospects for success remain dim.

11. COP 3 agenda was adopted largely as introduced. There was some consideration given in the common interest group to adding an explicit reference to considering issues related to possible future commitments by developing countries which is formally outside the mandate of current climate change negotiations.

Secretariat confirmed, however, that an item covering "other issues related to implementation" could be used as a means for tabling a separate draft decision from the Kyoto protocol. In the end, Annex 1 countries agreed not to pursue anything more explicit given the poor climate for such discussions. Limited discussions that were pursued underscored the continuing strong reservations from developing countries for any track that might involve them assuming further commitments; road to Kyoto on this issue therefore remains an up-hill one.

12. Candel to SBSTA was co-lead by Irish/DFAIT and Stone/DOE-AES. SBI was co-lead by Clarke/DOE and Irish/DFAIT. Other members of the Candel to SBSTA and SBI included Masterton/DOE, Drexhage/DOE, Collas/DOE, Cooper/NRCan, Varangu/NRCan, Gera/DFAIT, Roberge/DFAIT, Carruthers/DFAIT, Fleming/IC, Mazany/Fin, Lester/NFLD, Guimond/CEA, Comeau/Sierra Club.

Tel prepared by AGE/Sushma Gera and approved by AGE/J.L. Irish.

Environmental NGO Delegation Report - AGBM 8

Steven Guilbeault, Greenpeace and Quebec Coalition on Climate Change

As the last negotiation session, AGBM 8 should have been the forum where we could have determined the position of most of the players. In fact, the U.S. and Japan both came forward with their respective target, stabilisation by 2010 for the former and an obscure 5% for the latter. The U.S. proposal was met by a least than welcoming feeling where as the Japanese's received a bit more attention, mainly from trying to understand what it would mean for various Annex 1 countries.

To our dismay, Canada still has not made it's position known on one of the most substantive issue of these negotiations, Qerlos. This situation, and all the frenzy happening back home at the time of the AGBM, made it both difficult and delicate for the delegation since we are the only OECD country without a clear target. The statement by Prime Minister Chrétien that Canada would be "greener" than the Americans was at the first welcome, but then just added to the confusion since what that means still has not been defined.

Loopholes

AGBM enable us to better understand some of the potential dangers (loopholes) of the protocol such as¹:

- 1) "Super heated air" could represent a 10 to 15% increase over 1990 levels;
- 2) International Aviation/Marine Fuels, if not included, could represent a 5 to 10% increase;
- 3) The New Zealand approach could mean an 8% increase in allowable emissions;
- 4) The 3 other gases, HFC, PFC and SF6 could add 5 to 10% to industrialized countries emissions by 2010.

Although the issue of "Super heated air" seems to have been ruled out, the 3 other issues will be at the very heart of COP 3 and Canada should make it's position clear on those issues.

International Aviation/Marine Fuels should be included in the protocol, the emissions from those sectors can be easily accounted for and there are no reasons why they should be left out.

Canada should stop supporting the New Zealand "Net" approach for a number of different reasons. First, there is a internal debate inside Canada on the methodology use to monitor sinks. Second, there are still many uncertainties about carbon sequestration and what guaranties do we have that a tree planted to off set emissions won't be cut or burn down resulting in a "net" emission in the atmosphere? Third, Canada should also stop trying to hide behind definitions such managed forest vs unmanaged forest as excuse to increase our emissions.

¹These estimates are for U.S.A., the European Union and Japan based on 1990 levels up to the year 2010.

Canada has played its part in insuring that the 3 other gases be in the protocol and we encourage them to keep on doing so at COP 3.

WTO

Another issue which is of great concern, further more because Canada supports it, is that of explicitly submitting the protocol to WTO rules. Despite the fact that art. 20 of the WTO allows for environmental exceptions, there has been NO environmental cause ever won under this article and it could undermine everything we have work to accomplish over the last 7 years.

We believe that an agreement in Kyoto is still possible but countries will have to let go of their own self interest, in particular Annex 1 countries who share the historical responsibility of climate change.

We still believe, now more than ever, that an early target of 2005 is necessary both to protect the climate and to send the appropriate signals to various industry sectors. This is also necessary if we want to get developing countries on board as soon as possible, since it is highly unlikely that a country like China will agree, even on a voluntary basis, to further commitment in Kyoto. Most Annex 1 countries, including Canada, have yet to prove they are serious about this issue and must also agree to reduction measures before 2010.

**INDUSTRY PERSPECTIVE ON THE RESULTS OF THE EIGHTH SESSION
AD HOC GROUP ON THE BERLIN MANDATE
UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
OCTOBER 20-31, 1997, BONN**

The Eighth Session of the Ad Hoc Group on the Berlin Mandate saw the parties focus on the much leaner negotiating text prepared by Chairman Estrada and the results of the four "non-groups" created by the Chairman. And while true negotiations were at last engaged, progress was still painstakingly slow on the main substantive items.

The following perspective is offered on the status of those issues of primary interest to the Canadian business community.

Targets and timetables

The main event was the tabling by the United States of its proposed target -- that Annex I countries commit to stabilization of greenhouse gas emissions at 1990 levels by 2008 to 2012. In response to the expected criticism, the American delegation stressed that its proposal is significant since it represents a reduction of approximately 30% from business as usual levels in 2010. They also pointed out that it would represent an economic burden for the U.S. equivalent to that imposed on the European Union by a 15% reduction. As well, they noted that theirs is the only proposal to deal comprehensively with all GHGs. Other proposals would not check the growth of trace gases (HFCs, PFCs, and PF6) nor would they protect forests and soil sinks.

Differentiation

Although the U.S. and EU still officially oppose it, the idea of differentiated commitments continues to show strength. The Russian Federation was the latest to come out in support, proposing a "bubble" comprising all Annex I countries. They noted that the different commitments proposed by individual developed country parties would result in an average annual reduction of 3 per cent across Annex I. The possibility of finding a single formula which all could agree to seems remote. However, the Japanese proposal resulted in further thinking on the possibilities of a multiple formula or negotiated approach. One interesting development was that the EU suggested that differentiation may be the basis on which targets could be set in the future, perhaps for a subsequent budget period.

The European Union Bubble

The EU offered a further explanation of the EU bubble and its interpretation of the obligation of member states to meet a collective commitment, but this did little to satisfy the concerns of other OECD countries. Some stressed the inequity of the EU bubble when others will face flat-rate targets. Other nations noted that a collective commitment raises serious questions about who has the responsibility for compliance. In addition, several countries raised the spectre of expansion of the EU to include several Eastern European countries whose emissions have declined since 1990, thereby lessening the burden on current EU members.

Flexibility mechanisms

Some progress was made in narrowing the gap between the United States and the European Union on a few of these issues. For instance, the EU suggested they would agree to a five-year budget period, provided that the first one commences in 2003 (as opposed to the 2008 start proposed by the U.S.) The Group of 77, however, continued to argue in favour of single-year targets. The EU also showed some

movement on the issue of emissions trading, but is still only prepared to entertain joint implementation between Annex I countries. The Group of 77 and China continues to oppose both emissions trading and joint implementation.

Developing Country Commitments

It is increasingly likely that this issue will have to be addressed by a decision of the Third Conference of the Parties, a "Kyoto Mandate" to be negotiated within a specified timeframe after Kyoto. Despite official protestations from G-77 representatives, in the corridors there was increasing evidence that the Group of 77 and China is not unanimous on this and related issues, and that a number of developing countries may be open to some target with appropriate qualifiers.

The Comprehensive Approach

Issues surrounding "comprehensiveness" most often have been confined to the subsidiary bodies. And while the discussion is often mired in technical discussion about the global warming potential of the various gases or the methodologies with respect to carbon sinks, it is also becoming clear that positions on these issues are motivated more by self-interest than scientific rigour. For Canada, it is critical to our ability to meet even a moderately ambitious target that the full range of reduction, offset and sequestration opportunities be available in the protocol.

Policies and Measures

Limited progress was made in bridging the gap between the European Union position and that of the United States. A fairly "soft" proposal was agreed whereby Annex I countries will "cooperate" to enhance the effectiveness of policies and measures by sharing experience and exchanging information on policies and measures adopted by individual countries.

The Canadian Position

With the tabling of the US proposal, Canada is the only G-7 country which has not declared its position on targets and timetables. And while this was the subject of considerable media attention at home, it was not particularly noteworthy at the Bonn meetings where delegates are by now quite familiar with Canada's circumstances. The Prime Minister's declaration that he had instructed the federal cabinet to develop a Canadian position that is "stronger" than the United States, however, was of considerable interest to the Americans.

Outlook for Kyoto

At the end of the session, Chairman Estrada of Argentina noted that a "complex mosaic" of proposals is still on the table, and expressed hope that discussions he would hold over the next few weeks would bring parties closer together and put them in a mood to reach common ground in Kyoto. However, he himself set a different tone in the final days by expressing his frustration and charging that some (unnamed) countries were systematically blocking progress. He then followed this up with an attempt to declare consensus on one contentious paragraph in the face of clear reservations by three delegations. While his efforts and those of the non-group chairmen achieved some success in narrowing the options and more clearly expressing the remaining choices, by the end of the session there was evidence that delegations were again digging in their heels. An additional complicating factor is that virtually all of the important issues are still on the table and allegiances between countries or groups of countries line up differently depending upon the specific issue.

It seems increasingly likely that reaching agreement on the appropriate target and timetable will take up almost all of the Ministers' time in Kyoto, and that other important issues could be shuffled to the side, with only the barest outline of how they would fit into the overall scheme. Thus, key issues for Canada such as comprehensiveness, emissions trading and joint implementation would either have to be the subject of further negotiation post Kyoto, or could be agreed in principle but with so few details that there would be no assurance that they will provide the real flexibility that Canada needs. Even with respect to developing country commitments, a key bottom line for the United States, it is difficult to say whether a "Kyoto Mandate" can be agreed that will set a framework and deadline for negotiating appropriate commitments for these countries.

While UN negotiations are known for the seeming intransigence of many positions and the resort to last-minute pressure tactics, the prospect of actually reaching agreement in Kyoto appears as difficult as ever.

AGBM DOCUMENTS

**QUANTIFIED EMISSION LIMITATION AND
REDUCTION OBJECTIVES (QELROs)**

Proposal by the Chairman

Article 3

Alternative A

1. Parties included in Annex I shall, individually or jointly, ensure that their net¹ aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B do not exceed their commitments, expressed in terms of emission budgets, inscribed in Attachment 1.

Alternative B

1. Each Party included in Annex I shall ensure that its net aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B do not exceed its commitments, expressed in terms of emission budgets, inscribed in Attachment 1.

Alternative C

1. Each Party included in Annex I shall achieve quantified emission limitation and reduction objectives within time frames such as 2005, 2010 and 2020 for its anthropogenic emissions by sources and removals by sinks of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol.

¹ The use of the word "net" throughout the text, and the accompanying definition, will depend on the outcome of the ongoing consultations on the inclusion of sinks in the establishment of QELROs.

Note: The consolidated negotiating text by the Chairman (see document FCCC/AGBM/1997/7) remains before the Group.

Alternative A

2. The commitments for each Party included in Annex I shall be established using the process set out in Annex C and shall be inscribed in Attachment 1.²

Alternative B

2. Parties included in Annex I shall be subject to uniform commitments under this Article.

3. The Parties included in Annex I undergoing the process of transition to a market economy whose base year or period was established pursuant to decision 9/CP.2 of the Conference of the Parties to the Convention at its second session, shall use that base year or period for the implementation of their commitments under this Article.

4. Taking into account Article 4.6 of the Convention, in the implementation of their commitments other than those in Article 3, a certain degree of flexibility shall be allowed by the Meeting of the Parties to the Parties included in Annex I undergoing the process of transition to a market economy.

[5. Each Party included in Annex I shall, by 2005, have made demonstrable progress in achieving its commitments under this Protocol.]

[6. Each Party acting under Article 10 shall ensure that its net aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B do not exceed its commitments, expressed in terms of emission budgets and inscribed in Attachment 1, determined in accordance with the provisions of Article 10.]

[7. The first emission budget for each Party included in Annex I, from 200[] to 20[], shall be equal to [] per cent/the percentage inscribed for it in Attachment 1 for that budget period] of its net aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B in 1990, or the base year or period determined in accordance with paragraphs 3 and 4 above, multiplied by five.]

[8. The second emission budget for each Party included in Annex I, from 20[] to 20[], shall be equal to [] per cent/the percentage inscribed for it in Attachment 1 for that budget period] of its net aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B in 1990, or the base year or period determined in accordance with paragraphs 3 and 4 above, multiplied by five.]

[9. The first emission budget for each Party acting under Article 10 shall be equal to the percentage determined in accordance with Article 10 of its net aggregate anthropogenic

² For those Parties included in Annex I on the date of adoption of this Protocol, these commitments shall be established together with the adoption of this Protocol.

carbon dioxide equivalent emissions of the greenhouse gases listed in Annex B in the base year or period determined in accordance with Article 10, multiplied by five.]

[10. Any part of an emission budget, or any emission credits, which a Party acquires from another Party in accordance with the provisions of Article 5 or Article 6 shall be added to the emission budget of that Party.]

[11. Any part of an emission budget, or any emission credits, which a Party transfers to another Party in accordance with the provisions of Article 5 or Article 6 shall be subtracted from the emission budget of that Party.]

[12. The procedures established in paragraphs 7 to 11 above shall be used to calculate the emission budget of Parties included in Annex I *or acting under Article 10* for subsequent budget periods, unless otherwise decided by the Meeting of the Parties.]

[13. If a Party included in Annex I *or acting under Article 10* reduces its emissions during a budget period by a greater percentage than that required by its commitment under this Article, this difference shall, on request of that Party, be credited to its emission budget for the subsequent budget periods.]

[14. If a Party included in Annex I *or acting under Article 10* exceeds its emission budget for a budget period, by up to and including [] per cent, that Party shall not be considered as being in a state of non-compliance, if it subtracts the amount of excess emissions from its subsequent emission budget at a rate of [:1].]

[15. Based on the work of, *inter alia*, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Meeting of the Parties shall regularly review and, as appropriate, amend the list of greenhouse gases in Annex B with a view to including other greenhouse gases not controlled by the Montreal Protocol and source and sink categories. Any amendment to the list of greenhouse gases in Annex B shall be in accordance with the provisions set forth in Article 19, and shall only apply to those commitments under this Article that are adopted after the entry into force of that amendment.]

[16. Until such time as any greenhouse gases not controlled by the Montreal Protocol from any source and sink categories are covered by commitments under this Article, Parties included in Annex I *or acting under Article 10* shall make every effort to limit and reduce their anthropogenic emissions by sources and enhance their removals by sinks of such gases.]

[17. Each Party included in Annex I shall fulfil the above commitments mentioned in paragraph 2 above in such a way as to minimise adverse social, environmental and economic impacts on developing country Parties, particularly those included in Article 4.8 of the Convention. A Compensation Fund shall be established by the Conference of the Parties to compensate the developing country Parties which may suffer social, environmental and/or economic loss as a result of actions taken to meet quantified emission limitation and reduction objectives.]

[18. A Clean Development Fund shall be established by the Conference of the Parties to assist the developing country Parties to achieve sustainable development and contribute to the ultimate objective of the Convention. The Clean Development Fund will receive contributions from those Annex I Parties found to be in non-compliance with its quantified emission limitation and reduction objectives under this Protocol. The Clean Development Fund will also be open for voluntary contributions from Annex I Parties.]³

[Article 3 bis⁴

1. Any Parties included in Annex I to the Convention *or acting under Article 10* that have agreed that they shall jointly fulfil their obligations respecting quantified emission limitation and reduction objectives shall be deemed to have met those obligations provided that their total combined level of emission reductions meets the levels as set out in Attachment 1 for those Parties.
2. Such agreement will become operative only if all Parties to it have notified the secretariat of the terms of the agreement which shall remain operative for the duration of the Protocol or until a decision to amend or rescind the agreement is notified to the secretariat by all Parties to the agreement.
3. The Parties to any such agreement shall notify the secretariat of the terms of the agreement on the date of deposit of their instrument of ratification, acceptance, approval, or accession, or subsequently, in any event five years before the expiry of the period mentioned in Attachment 1. The secretariat shall in turn inform the other Parties of the terms of the agreement or any decision to amend or rescind it.
4. In the event of failure by the Parties to such an agreement to achieve their total combined level of emission reductions, the Parties to such an agreement shall be responsible for their levels of emissions according to the notifications made in accordance with this Article.
5. If Parties acting jointly do so in the framework of and together with a regional economic integration organization which is itself a Party to the Protocol, each member State of that regional economic integration organization individually and together with the regional economic integration organization acting in accordance with Article 22, shall, in the event of failure to achieve the total combined level of emission reductions, be responsible for its level of emissions as notified in accordance with this Article.]

³ The Group of 77 and China requested that paragraphs 17 and 18 above, which reproduce part of that group's proposal contained in FCCC/AGBM/1997/MISC.1/Add.6, be included in this text. It should be noted, that, due to lack of time, it was not possible to enter into discussion on this matter in the non-group.

⁴ A Party previously proposed text, which can be found as paragraph 20 in Annex I of document FCCC/AGBM/1997/INF.1, to cover the situation in which member States of regional economic integration organizations and the organizations themselves were Parties to this instrument and sought to undertake QELRO commitments as such. The text also covers possible future enlargement of regional economic integration organizations.

Article 4⁵

1. Each Party included in Annex I or acting under Article 10 shall have in place, [no later than one year prior to the start of the first budget period,] a national system for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol. Guidelines for such national systems, which shall incorporate the methodologies specified in paragraph 2 below, shall be decided upon by the Meeting of the Parties at its first session.

2. Methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be those accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties to the Convention at its third session. Where such methodologies are not used, appropriate adjustments shall be applied according to methodologies agreed upon by the Meeting of the Parties at its first session. Based on the work of, *inter alia*, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Meeting of the Parties shall regularly review and, as appropriate, revise such methodologies and adjustments, taking fully into account any relevant decisions by the Conference of the Parties to the Convention. Any revision to methodologies or adjustments shall only be used for the purposes of ascertaining compliance with commitments under Article 3 in the case of those commitments that are adopted subsequent to that revision[, unless otherwise decided by the Meeting of the Parties].

[3. The global warming potentials used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol listed in Annex B shall be those accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties to the Convention at its third session. Based on the work of, *inter alia*, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Meeting of the Parties shall regularly review and, as appropriate, revise the global warming potential of each such greenhouse gas, taking fully into account any relevant decisions by the Conference of the Parties to the Convention. Any revision to a global warming potential shall only apply to those commitments under Article 3 that are adopted subsequent to that revision[, unless otherwise decided by the Meeting of the Parties].]

⁵ The Alliance of Small Island States (AOSIS) has indicated that it would require further consultations on this Article, pending the elaboration of the term "net" under Article 3.1.

[Article 5⁶

1. Any Party included in Annex I *or acting under Article 10* may [, under the international framework to be established under paragraph 4,] transfer to or acquire from any other Party included in Annex I *or acting under Article 10* any of its emissions allowed under Article 3, for the purpose of meeting its commitments under Article 3, provided that each such Party is in compliance with its obligations under Articles [2, 3,] 4 and 7, and has in place a national mechanism for the certification and verification of emissions trades.

2. A Party may authorize intermediaries to participate, under the responsibility of that Party, in actions leading to the transfer or acquisition, under this Article, of emissions allowed.

3. Emissions trading, as defined in paragraph 1 above, shall be subject to the following criteria:

(a) Emission levels achieved before the start of any trading system established under this Protocol can[not] be used as the basis for emissions trading;]

(b) Emissions trading shall be supplemental to domestic policies and measures [, which should provide the main means/for the purposes] of meeting commitments under Article 3; and

(c) A Party whose emissions are in excess of its emissions budget in any budget period may acquire, but may not transfer, emissions allowed.

4. The Meeting of the Parties shall, at its first session or as soon as practicable thereafter, decide upon modalities, rules and guidelines for emissions trading, as provided for in paragraph 1 above, including methodologies for verification and reporting.

5. If a question of a Party's implementation of the requirements of Articles [2, 3,] 4 or 7 is identified in accordance with the provisions of Article 8, transfers and acquisitions of emissions allowed may continue to be made, provided that any such emissions allowed may not be used by any Party to meet its obligations under Article 3 until any issue of compliance is resolved. If a question of a Party's implementation of paragraph 3(c) is identified in accordance with the provisions of Article 8, the provisions of this paragraph shall apply only to transfers of emissions allowed by such Party.]

⁶ The Group of 77 and China has requested the deletion of this Article.

[Article 6⁷

1. For the purpose of meeting its commitments under Article 3, any Party included in Annex I or acting under Article 10 may receive from any other Party included in the same Annex or acting under that Article, in conformity with the rules of this Article and the decisions adopted in accordance with paragraph 5 above, the carbon dioxide equivalent emission reductions resulting from joint implementation projects aimed at reducing anthropogenic emissions [or enhancing anthropogenic removals] of greenhouse gases listed in Annex B in any sector of the economy.

2. Parties participating in joint implementation projects have the right to share [among themselves] the credits attributed to the project.

3. In order to generate credits, joint implementation projects shall satisfy the following conditions:

(a) Parties participating in joint implementation projects shall be in compliance with their obligations under Article 3, 4 and 7 of this Protocol, and shall have a national mechanism for the accounting, certification and verification of their greenhouse gas emissions;

(b) Participation in joint implementation projects shall be voluntary, and shall require prior acceptance, approval or endorsement by the participating Parties;

(c) Joint implementation projects shall bring about real, measurable and long-term environmental benefits related to the mitigation of climate change, whilst avoiding adverse environmental and social effects. Projects must provide a reduction in [or a removal by sinks of] emissions that is additional to any that would otherwise occur;

(d) Joint implementation projects must be compatible with, and supportive of, national environment and development priorities and strategies, and must contribute to cost-effectiveness in achieving global benefits;

[(e) Joint implementation projects can be undertaken by two or more Parties;]

(f) Joint implementation projects shall be supplemental to domestic policies and measures, [which should provide the main means of meeting commitments under Article 3];

(g) Joint implementation projects shall be assessed on a project basis. Credits shall be calculated and allocated on an annual basis. They shall be subject to stringent emission reduction [or removal] verification and accountability methodologies. For each project, a baseline shall be established, against which the net environmental benefits of

⁷ The Group of 77 and China has requested the deletion of this Article. Other Parties, including the United States and the European Union, have indicated that they would require further consultations on this Article.

greenhouse gas emission mitigation and reduction achieved by the joint implementation project can be compared; and

(h) Parties shall report on joint implementation projects in their national communications using guidelines to be adopted by the Meeting of the Parties at its first session and reviewed periodically thereafter.

4. A Party may authorize intermediaries to participate, under the responsibility of that Party, in actions leading to the generation, transfer or receipt of credits for joint implementation projects under this Article.

5. The Meeting of the Parties shall adopt at its first session, and periodically review thereafter:

[(a) Criteria and guidelines for the attribution of emission credits to projects;]

(b) Guidelines for reporting on joint implementation projects and for the accounting, certification and verification of greenhouse gas emissions [and removals];

(c) Methodologies for calculating project baselines and actual emissions [or removals] in order to assess the incremental impact of the project; and

(d) Methodologies for the verification and auditing of actual emission reductions [or removals].

[6. If a decision is taken by the Conference of the Parties to the Convention at the conclusion of the pilot phase of activities implemented jointly, in accordance with decision 5/CP.1 of the Conference of the Parties to the Convention at its first session, to allow joint implementation with Parties not included in Annex I, then Parties included in Annex I *or acting under Article 10* may, jointly with other Parties, undertake concrete projects aimed at limiting or reducing anthropogenic emissions of greenhouse gases listed in Annex B in any sector of the economy, in conformity with the rules of this Article and the decisions adopted for this purpose by the Meeting of the Parties.]

7. If a question of a Party's implementation of the requirements of this Article is identified in accordance with the provisions of Article 8, transfers and acquisitions of emission credits may continue to be made after the question has been identified, provided that any such credits may not be used by any Party to meet its obligations under Article 3 until any issue of compliance is resolved.]

Article 7

1. Each Party included in Annex I *or acting Article 10* shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, taking into account the relevant decisions of the Conference of the Parties to the Convention, the necessary supplementary information for the purposes of ensuring compliance with Article 3 of this Protocol, to be determined in

accordance with paragraph 4 below.

2. Each Party included in Annex I *or acting under Article 10* shall incorporate in its national communication, submitted under Article 12 of the Convention, the supplementary information necessary to demonstrate compliance with its commitments under this Protocol, including Articles 2, 3, 4, 5 and 6, to be determined in accordance with paragraph 4 below.

3. Each Party included in Annex I *or acting under Article 10* shall submit the information required under this Article as part of the first national communication due under the Convention after this Protocol has entered into force for that Party and after the adoption of guidelines as provided for in paragraph 4 below. The frequency of subsequent communications under this Article shall be determined by the Meeting of the Parties.

4. The Meeting of the Parties shall adopt at its first session, and periodically review thereafter, guidelines for the submission of the information required under this Article, taking into account guidelines for the submission of national communications adopted by the Conference of the Parties to the Convention. The Meeting of the Parties shall also, prior to the first budget period, decide upon modalities for the accounting of emission budgets.

Article 8

1. The national communications submitted under Article 7 by each Party included in Annex I *or acting under Article 10* including the annual inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol submitted over the reporting period, shall be reviewed by expert review teams as part of the review of communications conducted in accordance with guidelines to be adopted by the Meeting of the Parties, taking into account guidelines adopted for this purpose by the Conference of the Parties to the Convention:

(a) Expert review teams shall be co-ordinated by the secretariat and shall be composed of experts selected from those nominated by Parties to the Convention and, as appropriate, by intergovernmental organizations, in accordance with guidelines adopted for this purpose by the Conference of the Parties to the Convention;

(b) The review process shall provide a thorough and comprehensive technical assessment of all aspects of a Party's implementation of this Protocol. The expert review teams shall prepare a report to the Meeting of the Parties assessing the implementation of a Party's commitments and identifying any potential problems in, and factors influencing, the fulfilment of commitments. Such reports shall be circulated by the secretariat to all Parties. In addition, the secretariat shall identify for further consideration by the Meeting of the Parties any questions of implementation indicated by such reports; and

(c) The Meeting of the Parties shall adopt at its first session, and periodically review thereafter, guidelines for the review of implementation by expert review teams and the identification of questions of implementation by the secretariat, taking into account guidelines for the review of communications adopted by the Conference of the Parties to the Convention.

2. The Meeting of the Parties, with the assistance of the Subsidiary Body for Implementation, shall consider:

(a) The national communications submitted by Parties under Article 7 and the expert review reports thereof conducted under this Article; and

(b) Any questions of implementation identified by the secretariat under paragraph 1(b) above, as well as any questions raised by Parties.

3. Pursuant to its consideration of the information referred to in paragraph 2(a) and (b) above, the Meeting of the Parties shall take decisions on any matter necessary for the implementation of this Protocol.⁸

Article 9

Article 9 was addressed in the non-group on institutions and mechanisms. Text proposed by the Chairman on this Article may be found in FCCC/AGBM/1997/CRP.4.

[Article 10⁹

1. Any signatory or Party to this Protocol not included in Annex I may, at any time, notify the Depository that it has opted to be bound by this Article. The Depository shall inform the other signatories and Parties of any such notification.

2. Such notification, supported by an inventory of emissions of greenhouse gases not controlled by the Montreal Protocol, including for the historical base year period chosen under subparagraph (a) below, and a projection of future emissions, shall include a formal declaration on the following points:

(a) Its chosen historical base year or period for the implementation of subparagraph (b) below; and

(b) The level of limitation or reduction of anthropogenic emissions of greenhouse gases listed in Annex B, as a basket, it is ready to undertake.

3. Where a notification has been made pursuant to paragraphs 1 and 2 above, the secretariat shall include it in the agenda for the following Meeting of the Parties which shall decide on the acceptance of such notification.

4. After its acceptance by the Meeting of the Parties, a notification by a signatory shall enter into force on the date of entry into force of this Protocol for that State, and a notification

⁸ The final drafting of paragraphs 2 and 3 above will take into account discussions on Article 9 and on institutional matters.

⁹ The Group of 77 and China does not wish to include this Article in the Protocol.

by a Party to this Protocol shall enter into force on the ninetieth day after the acceptance of such notification. The commitment under subparagraph (b) above of Parties acting under this Article shall be inscribed in Attachment 1.

5. Parties acting under this Article shall be bound by the obligations of Parties included in Annex I with respect to the communication of information related to implementation under Article 10.2(a) and (b) and Article 12 of the Convention, and the relevant decisions of the Conference of the Parties to the Convention.]

Article 11

1. The Meeting of the Parties shall periodically review the implementation of this Protocol, with a view to evaluating its impact and effectiveness, and the adequacy of commitments [therein] [in Article 3]. These reviews shall be carried out in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information, and shall be co-ordinated with pertinent reviews under the Convention, in particular those required by Article 4.2(d) and Article 7.2(a) of the Convention. Based on these reviews, the Meeting of the Parties shall take appropriate action.

2. The first review shall take place at the [] session of the Meeting of the Parties. Further reviews shall take place in a regular and timely manner.

Annex B¹⁰

Gases

Carbon dioxide (CO₂)

Methane (CH₄)

Nitrous oxide (N₂O)

[Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF₆)]

Sectors/source and sink categories

Energy

Fuel combustion

Energy industries

Manufacturing industries and construction

Transport

Other sectors

Other

Fugitive Emissions from fuels

Solid fuels

Oil and natural gas

Other

Industrial processes

Mineral products

Chemical industry

Metal production

Other production

Production of halocarbons and sulphur hexafluoride

Consumption of halocarbons and sulphur hexafluoride

Other

¹⁰ This list is taken from the revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories: Reporting Instructions. It is understood that the inclusion of individual sectors/source and sink categories will require further discussion and that no agreement has yet been reached on this matter.

Solvent and other product use

Agriculture

- Enteric fermentation
- Manure management
- Rice cultivation
- Agricultural soils
- Prescribed burning of savannas
- Field burning of agricultural residues
- Other

Land use change and forestry

- Changes in forest and other woody biomass stocks
- Forest and grassland conversion
- Abandonment of managed lands
- Carbon dioxide emissions and removals from soils
- Other

Waste

- Solid waste disposal on land
- Wastewater handling
- Waste incineration
- Other

[Annex C¹¹

1. The process of establishing quantified emission limitation and reduction objectives for each Party subject to Article 3.2 shall take into account the differences in starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort. To this effect the differences in the following factors, fully substantiated by readily available official data, shall be taken into account as appropriate in the case of each Party:

(a) Carbon dioxide equivalent emissions per capita of the greenhouse gases listed in Annex B;

(b) Carbon dioxide equivalent emissions per unit of gross domestic product of the greenhouse gases listed in Annex B;

(c) Gross domestic product per capita;

(d) Gross domestic product per capita growth;

(e) Effective emissions in a given time period, defined as the increase in global mean surface temperature at the end of the period, as determined by an agreed climate change model, resulting from both the net anthropogenic emissions of an agreed set of greenhouse gases in each year of that time period and from the initial concentrations of those greenhouse gases at the beginning of the period;

(f) Projected population growth;

(g) Emission intensity of gross domestic product;

(h) Emission intensity of exports;

(i) Fossil fuel intensity of exports; and

(j) Share of renewable energy in energy supply.

2. In addressing national circumstances in their communications, Parties shall include data relating to the above factors, as appropriate.]

¹¹ This Annex would only appear if the alternative of establishing differentiated commitments were adopted. In this case, the text would require further discussion, and in particular subparagraph (e) would need to be better specified.

[Attachment 1

Name of Party	Emission commitment	Base year or period (<i>where relevant</i>)
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POLICIES AND MEASURES

Proposal by the Chairman

Article 2

1. Each of the Parties included in Annex I *or acting under Article 10* shall:

(a) Adopt and implement policies and measures in achieving its commitments regarding quantified emissions limitation and reduction objectives under Article 3, in order to promote sustainable development

[such as the following policies and measures, in accordance with its national circumstances:

- (i) Enhancement of energy efficiency in all sectors of the national economies;
- (ii) Protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol;
- (iii) Promotion, development and increased use of renewable forms of energy and of innovative environmentally sound technologies;
- (iv) Phasing out of market imperfections, fiscal incentives, tax exemptions and subsidies in all GHG emitting sectors, that run counter the objective of the Convention; and
- (v) Providing a continuous balance between those policies and measures aimed at reducing emissions of greenhouse gases in emitting sectors and those aimed at reducing consumption of their products.]

Note: The consolidated negotiating text by the Chairman (see document FCCC/AGBM/1997/7) remains before the group.

[in particular, the following policies and measures:

- (i) Implement commitments in subparagraph 4.2(e)(ii) of the Convention and remove obstacles to the limitation and reduction of emissions of greenhouse gases and greenhouse gas precursors not controlled by the Montreal Protocol and to the enhancement of removals by sinks;
- (ii) Enhance energy efficiency in all sectors, including the energy production and transformation, industrial, transport, residential and commercial and agricultural sectors;
- (iii) Progressively reduce/phase out market imperfections and fiscal incentives that run counter to the objective of the Convention, including, *inter alia*, subsidies on all fossil fuels;
- (iv) Encourage appropriate reforms in the energy sector and regulatory regimes aimed at promoting policies and practices which limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol;
- (v) Promote, develop and increase use of renewable forms of energy to ensure that a significant increase of the share of its energy supply is realized;
- (vi) Develop measures to limit and/or reduce emissions of greenhouse gases not controlled by the Montreal Protocol in the transport sectors including average fuel consumption targets for new vehicles, minimum excise duty on fuels, promotion of low emission transport modes, and other instruments;
- (vii) Limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels, through the International Civil Aviation Organization and the International Maritime Organization, respectively, in particular work towards introducing aviation fuel taxation;
- (viii) Protect and enhance sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol and promote sustainable forest management practices, afforestation and reforestation;
- (ix) Integrate climate change considerations into agricultural practices and promote sustainable forms of agriculture;
- (x) Research and develop innovative climate-friendly technologies, and promote the application and diffusion, including transfer of, such technologies, particularly to developing country Parties;
- (xi) Limit and/or reduce emissions of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride;

- (xii) Apply economic instruments to ensure that market prices give appropriate signals to consumers and businesses to limit and reduce emissions of greenhouse gases; and
- (xiii) Reduce emissions of methane through recovery and use in the waste management sector, as well as in the production, transport and distribution of energy.]

The MOP shall assess the application of these policies and measures.

(b) [Implement policies and measures under this Article in such a way as to avoid adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4.8 and 4.9 of the Convention, taking into account Article 3.5 of the Convention¹. The Conference of the Parties to the Convention may take further action, as appropriate, to promote the implementation of the provisions of this subparagraph;]

[Implement policies and measure under this Article taking into account the adverse effects of climate change and/or the impacts of the implementation of policies and measures on developing country Parties, especially those identified in Article 4.8 of the Convention. The Meeting of the Parties may take actions, as appropriate, with respect to this paragraph;]

(c) Co-operate with other such Parties to enhance the individual and combined effectiveness of their policies and measures adopted and implemented under this Article, in accordance with Article 4.2(e)(i) of the Convention. To this end, these Parties shall take steps to share their experience and exchange information on these policies and measures, including developing ways of improving their comparability, transparency and effectiveness. The MOP shall, at its first meeting or as soon as practicable thereafter, consider ways to facilitate such co-operation, taking into account all relevant information.

2. [The Parties included in Annex I *or acting under Article 10* shall coordinate the implementation of those policies and measures identified above in subparagraph 1(a) and in the development of methodologies to assess their effectiveness. The MOP shall, at its first meeting or as soon as practicable thereafter, consider ways and means to facilitate such coordination, including by instituting a process to develop recommendations to Parties in the form of guidelines, taking into account national circumstances and relevant work being done by other bodies.]

¹ This matter is linked with the issue of a compensation fund and a clean development fund. Cross-referencing may be introduced once the actual placement of the text on those funds is proposed.

FCCC/AGBM/1997/CRP.1/REV.1
30 October 1997

ENGLISH ONLY

**CONTINUING TO ADVANCE THE IMPLEMENTATION OF EXISTING
COMMITMENTS IN ARTICLE 4.1 OF THE CONVENTION**

Proposal by the Chairman

Article 12

1. All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, without introducing any new commitments for Parties not included in Annex I, but reaffirming existing commitments in Article 4.1 of the Convention, and continuing to advance the implementation of these commitments in order to achieve sustainable development, taking into account Article 4.3, 4.5 and 4.7 of the Convention, shall:

(a) Formulate, where relevant and to the extent possible, cost-effective [national], and where appropriate [regional] programmes for the development of local emission factors, activity data and models which reflect the socio-economic conditions of each Party for the preparation and periodic updating of national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, so as to move toward improvement of their quality, using comparable methodologies to be agreed upon by the Conference of the Parties, and consistent with the guidelines for national communications adopted by the Conference of the Parties;

Alternative A

(b) Formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change and measures to facilitate adequate adaptation to climate change;

(i) [[In the implementation of the commitments in this Article,] [Giving special consideration to supporting measures which favour the economic

Note: The consolidated negotiating text by the Chairman (see document FCCC/AGBM/1997/7) remains before the group.

development of developing country Parties and minimizing adverse effects on other Parties, especially developing country Parties and in particular those identified in] [Article 4.8 of the Convention] [shall be taken into account;]]

(ii) The programmes containing measures shall *inter alia*, and to the extent possible and relevant, [remove obstacles to the limitation or the abatement of increase of anthropogenic emissions by sources and to the enhancement of removals by sinks, enhance energy efficiency, emphasize market-oriented pricing, as appropriate encourage reforms in the energy sector and regulatory regimes, increase the use of renewable energy, make improvements in the transport and industrial sectors, promote the development and sustainable management of greenhouse gas sinks and reservoirs, improve the integration of climate change considerations into the agriculture and waste management sectors, promote voluntary arrangements with industry, and generally take actions to address climate change that, in the context of their national priorities, objectives and circumstances, are economically justified and can help address other environmental problems;]

(iii) The programmes containing measures shall *inter alia*, and to the extent possible and relevant, [[improve protection measures for infrastructure,] deploy adaptation technologies and know-how, develop and implement integrated mountain area plans, develop and implement integrated coastal zone management plans, develop research on impacts of, and adaptation to, climate change, develop and implement related technical capacity building and awareness raising measures, promote sustainable management plans for the conservation and enhancement of sinks and reservoirs and ecosystems and develop and implement plans for water resources and agriculture, particularly for countries affected by drought and desertification.

Alternative B

(b) [Each developed country Party and each other developed Party included in Annex II to the Convention shall incorporate into its national programmes the QELROs and related policies and measures under this Protocol, including details of measures undertaken by them to promote, facilitate and finance transfer of technology, provide new and additional financial resources and assist in meeting costs of adaptation in developing countries. Each developing country Party shall seek to include in its national communication, as appropriate, information on programmes which contain measures that the Party believes contribute to addressing climate change and its adverse impacts, including the abatement of increase in greenhouse gas emissions, and enhancement of and removals by sinks, capacity building and adaptation measures];

Alternative A

(c) [Promote effective modalities for removing barriers to the investment in and development, application and diffusion, including the transfer of, environmentally sound technologies, know-how, practices and processes pertinent to the mitigation of, and adaptation to, climate change, and consider policies and programmes for the effective transfer of environmentally sound technologies through [financial and fiscal] incentives to promote and enhance access to, and transfer of, currently available environmentally sound technologies];

Alternative B

(c) [Take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies, know-how, practices and processes pertinent to the mitigation of, and adaptation to, climate change, in particular to developing countries, including the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain, and encourage the private sector through financial and fiscal incentives to promote and enhance access to, and transfer of, patent-protected environmentally sound technologies, in particular to developing countries;]

(d) [Identify and implement procedures that enable their governments to take climate change considerations into account in relevant decisions, including those of intergovernmental organizations and in particular multilateral development banks;]

(e) [Promote, co-operate and share information on the national development and use of indicators to assist in the assessment of climate change and its adverse impacts and response measures, *inter alia*, on the economy, infrastructure, human settlements, social and cultural practices, public health and the quality of the environment with a view to minimizing any adverse effects, and include such assessments in their national communications;]

(f) Co-operate in scientific and technical research and systematic observation and development of data archives to reduce uncertainties related to the climate system, the adverse impacts of climate change and the economic and social consequences of various response strategies, and promote the development and strengthening of endogenous capacities and capabilities to participate in international and intergovernmental efforts, programmes and networks on research and systematic observation, taking into account Article 5 of the Convention;

(g) Co-operate in and promote at the international level, and, where appropriate, using existing bodies, the development and implementation of education and training programmes, [including the strengthening of national institutions] and the exchange or secondment of personnel to train experts in this field, in particular for developing countries, and facilitate at the national level public awareness and public access to information on climate change. Suitable modalities should be developed to implement these activities

through the relevant bodies of the Convention taking into account Article 6 of the Convention;

(h) Communicate to the Meeting of the Parties, through the secretariat, information related to the implementation of their commitments under this Protocol, in accordance with Article 7 and Article 10.2(a) and (b) and Article 12 of the Convention, taking fully into account the guidelines for communications adopted by the Conference of the Parties to the Convention and any modifications thereto [as well as any subsequent guidelines that the Meeting of the Parties may adopt].

**CONTINUING TO ADVANCE THE IMPLEMENTATION OF EXISTING
COMMITMENTS IN ARTICLE 4.1 OF THE CONVENTION**

Proposal by the Chairman

Article 13

1. In the implementation of Article 12, Parties shall take into account the provisions of Article 4, paragraphs 4, 5, 7, 8 and 9 of the Convention.
2. [In accordance][Consistent] with the provisions of Article 4, paragraph 3 and Article 11 of the Convention, the developed country Parties and other developed Parties included in Annex II to the Convention shall provide [new and] additional financial resources [through the mechanism defined by the Convention] to meet the agreed full costs incurred by developing country Parties in implementing measures under Article [12(a), 12(e), 12(f) and 12(g)] herein. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by Articles [12(b) and 12(c)] herein, and that are agreed between a developing country Party and the international entity or entities referred to in Article 11 of the Convention, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.
3. The developed country Parties and other developed Parties in Annex II to the Convention may also provide and developing country Parties avail themselves of, financial resources for the implementation of Article 12 herein, through bilateral, regional and other multilateral channels.
4. The Meeting of the Parties shall decide upon the policies, programme priorities and eligibility criteria related to this Protocol and shall transmit their guidance on these issues to the Conference of the Parties of the Convention with a view to that guidance being forwarded to the operating entity of the financial mechanism.

Note: The consolidated negotiating text by the Chairman (see document FCCC/AGBM/1997/7) remains before the group.

ELEMENTS RELATED TO INSTITUTIONS AND MECHANISMS

Proposal by the Chairman

Preamble

The Parties to this Protocol,

Being Parties to the United Nations Framework Convention on Climate Change, hereinafter referred to as the "Convention",

In pursuit of the ultimate objective of the Convention as stated in its Article 2,

Recalling the provisions of the Convention,

Being guided by its Article 3,

Pursuant to the Berlin Mandate adopted by decision 1/CP.1 of the Conference of the Parties to the Convention at its first session,

Have agreed as follows:

Article 1

For the purposes of this Protocol, the definitions contained in Article 1 of the Convention shall apply. In addition:

1. "Convention" means the United Nations Framework Convention on Climate Change, adopted in New York on 9 May 1992.
2. "Intergovernmental Panel on Climate Change" means the Intergovernmental Panel on Climate Change jointly established by the World Meteorological Organization and the United Nations Environment Programme in 1988.

3. "Montreal Protocol" means the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, as subsequently adjusted and amended.
4. "Parties present and voting" means Parties present and casting an affirmative or negative vote.
5. "Party" means, unless the text otherwise indicates, a Party to this Protocol.
6. "Party included in Annex I" means a Party included in Annex I to the Convention, and as may be subsequently amended by the Conference of the Parties to the Convention, or a Party which has made a notification under Article 4.2(g) of the Convention.
7. "Subsidiary bodies" means the subsidiary bodies established by Article 9 and Article 10 of the Convention.
8. *(Additional definitions, as necessary)*

Article 14¹

1. The Conference of the Parties, the supreme body of the Convention, shall serve as the Meeting of the Parties to the Protocol.
2. Parties to the Convention that are not parties to this Protocol may participate as observers in the proceedings of any session of the Meeting of the Parties. When the Conference of the Parties exercises its functions as the Meeting of the Parties to this Protocol, decisions under the Protocol shall be taken only by those of its members that are, at that time, Parties to this Protocol.
3. When the Conference of the Parties exercises its functions as the Meeting of the Parties to this Protocol, any member of the Bureau of the Conference of the Parties representing a Party to the Convention but, at that time, not a party to this Protocol, shall be substituted by an additional member to be elected by and from amongst the Parties to this Protocol.
4. The Meeting of the Parties to this Protocol shall keep under regular review the implementation of this Protocol and shall make, within its mandate, the decisions necessary to promote its effective implementation. It shall perform the functions assigned to it by this Protocol and shall:
 - (a) Periodically examine the obligations of the Parties and the institutional arrangements under the Protocol, in the light of the objective of the Convention, the experience gained in its implementation and the evolution of scientific and technological knowledge;

¹ There is an alternative proposal by the Group of 77 and China in document FCCC/AGBM/1997/MISC.1/Add.9.

(b) Promote and facilitate the exchange of information on measures adopted by the Parties to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Protocol;

(c) Facilitate, at the request of two or more Parties, the co-ordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Protocol;

(d) Promote and guide, in accordance with the objective of the Convention and the provisions of the Protocol, the development and periodic refinement of comparable methodologies, to be agreed on by the Meeting of the Parties, *inter alia*, for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases;

(e) Assess, on the basis of all information made available to it in accordance with the provisions of the Protocol, the implementation of the Protocol by the Parties, the overall effects of the measures taken pursuant to the Protocol, in particular environmental, economic and social effects as well as their cumulative impacts, and the extent to which progress towards the objective of the Convention is being achieved;

(f) Consider and adopt regular reports on the implementation of the Protocol and ensure their publication;

(g) Make recommendations on any matters necessary for the implementation of the Protocol;

(h) Seek to mobilize additional funding in accordance with Article 13.2;

(i) Establish such subsidiary bodies as are deemed necessary for the implementation of the Protocol;

(j) Elaborate the functions and terms of reference for the subsidiary bodies established under this Protocol;

(k) Agree upon and adopt, by consensus, rules of procedure and financial rules for itself and for any subsidiary bodies;

(l) Seek and utilize, where appropriate, the services and co-operation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies; and

(m) Exercise such other functions as may be required for the implementation of this Protocol, and shall consider any assignment forwarded to it by the Conference of the Parties to the Convention.

5. The secretariat shall convene the first session of the Meeting of the Parties in conjunction with the first session of the Conference of the Parties to the Convention that is scheduled after the date of the entry into force of this Protocol. Subsequent ordinary sessions of the Meeting of the Parties shall be held every year and in conjunction with ordinary sessions of the Conference of the Parties to the Convention, unless otherwise decided by the Meeting of the Parties.

6. Extraordinary sessions of the Meeting of the Parties shall be held at such other times as may be deemed necessary by the Meeting of the Parties, or at the written request of any Party, provided that, within six months of the request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

7. The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State member thereof or observers thereto not party to the Convention, may be represented at sessions of the Meeting of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by this Protocol and which has informed the secretariat of its wish to be represented at a session of the Meeting of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Meeting of the Parties.

8. Without prejudice to paragraphs 1 to 7 above, the Parties to this Protocol may meet at any time they deem necessary.

Article 15

1. The secretariat established by Article 8 of the Convention shall serve as the secretariat of this Protocol.

2. The functions of the secretariat under Article 8.2 and arrangements made for its functioning under Article 8.3 of the Convention shall apply *mutatis mutandis* to this Protocol. The secretariat shall also exercise the functions assigned to it under this Protocol.

[3. To the extent that they are distinct, the costs of secretariat services for this Protocol shall be met by the Parties thereto.]

Article 16

1. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention shall serve as the Subsidiary Body for Scientific

and Technological Advice and the Subsidiary Body for Implementation of the Protocol. Their functioning with respect to the Convention shall apply *mutatis mutandis* to this Protocol.²

2. Parties to the Convention that are not parties to this Protocol may participate as observers in the proceedings of any session of the subsidiary bodies. When the subsidiary bodies exercise their functions as the subsidiary bodies of this Protocol, decisions under the Protocol shall be taken only by those of its members that are, at that time, Parties to this Protocol.

3. When the subsidiary bodies exercise their functions with regard to matters concerning this Protocol, any member of the Bureau of the subsidiary bodies representing a Party to the Convention but, at that time, not a party to this Protocol, shall be substituted by an additional member to be elected by and from amongst the Parties to this Protocol.

Article 17

The Meeting of the Parties to this Protocol shall, as soon as practicable, consider the application to this Protocol of, and modify as appropriate, the multilateral consultative process referred to in Article 13 of the Convention in the light of any relevant decisions that may be taken by the Conference of the Parties to the Convention.

Article 17 bis

The Meeting of the Parties shall, at its first session, approve appropriate and effective procedures and mechanisms to determine and to address cases of non-compliance with the provisions of this Protocol, including through the development of an indicative list of consequences, taking into account the cause, type, degree and frequency of non-compliance. Any binding penalties for non-compliance under the procedures and mechanisms established under this Article shall be...³

Article 17 ter

The provisions of Article 14 of the Convention shall apply *mutatis mutandis* to this Protocol.

2 Proposal for 1 bis "Sessions of the meetings of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Protocol shall be held in conjunction with the meetings of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention."

3 The Group of 77 and China stated that this matter is linked with the issue of a Clean Development Fund. Cross referencing may be introduced once the actual place for the text on a Clean Development Fund is proposed. The Group of 77 and China reserves the right to revert to this Article.

Article 18

1. Any Party may propose amendments to this Protocol.⁴
2. Amendments to this Protocol shall be adopted at an ordinary session of the Meeting of the Parties to the Protocol. The text of any proposed amendment to this Protocol shall be communicated to the Parties by the secretariat at least six months before the session at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to this Protocol, to the Parties and signatories to the Convention and, for information, to the Depository.
3. The Parties shall make every effort to reach agreement on any proposed amendment to this Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting.⁵ The adopted amendment shall be communicated by the secretariat to the Depository, who shall circulate it to all Parties for their acceptance.
4. Instruments of acceptance in respect of an amendment shall be deposited with the Depository. An amendment adopted in accordance with paragraph 3 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depository of an instrument of acceptance by at least three fourths of the Parties to this Protocol.⁵
5. The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depository its instrument of acceptance of the said amendment.

Article 19⁶

1. Annexes to this Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to this Protocol constitutes at the same time a reference to any annexes thereto. Such annexes other than annexes XY shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.
2. Any Party may make proposals for an annex to this Protocol and may propose amendments to annexes to this Protocol.

4 Proposal to insert after Party "in the light of the review of the adequacy of Art 4.2 (a), (b) and (d) of the Convention."

5 There is an alternative proposal in document FCCC/AGBM/1997/INF.1 paragraphs 17.2 and 17.3.

6 To be revisited in the light of further discussions on Article 3.

3. Annexes to this Protocol and amendments to annexes to this Protocol shall be adopted at an ordinary session of the Meeting of the Parties. The text of any proposed annex or amendment to an annex shall be communicated to the Parties by the secretariat at least six months before the session at which it is proposed for adoption. The secretariat shall also communicate the text of any proposed annex or amendment to an annex to the signatories to this Protocol, to the Parties and signatories to the Convention and, for information, to the Depositary.

4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex shall, as a last resort, be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

5. An annex, other than XY, that has been proposed and adopted or amended in accordance with paragraphs 2, 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption or amendment of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment to an annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

6. If the adoption of an annex, other than XY, or an amendment to an annex involves an amendment to this Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to this Protocol enters into force.

6 bis. Proposals for amendments to annexes XY to the Protocol shall be adopted and enter into force in accordance with the procedure laid down in Article 18.

Article 20⁷

1. Attachments to this Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to this Protocol constitutes at the same time a reference to any attachments thereto.

2. The adoption and entry into force of attachments, and amendments to attachments, shall be in accordance with Article 18, provided that a proposed amendment to the commitment of any Party as set out in an attachment may be adopted only with the specific consent of that Party.

7 To be revisited in the light of further discussions on Article 3.

Article 21

1. Each Party shall have one vote, except as provided for in paragraph 2 below.
2. Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States which are Parties to this Protocol. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

Article 21 bis

The Secretary-General of the United Nations shall be the Depositary of this Protocol.

Article 22⁸

1. This Protocol shall be open for signature and subject to ratification, acceptance, approval or accession by States and regional economic integration organizations which are Parties to the Convention. It shall be open for signature at United Nations Headquarters in New York from 16 March 1998 to 15 March 1999, and shall be open for accession from the day after the date on which this Protocol is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.
2. Any regional economic integration organization which becomes a Party to this Protocol without any of its member States being a Party shall be bound by all the obligations under this Protocol. In the case of such organizations, one or more of whose member States is a Party to this Protocol, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under this Protocol. In such cases, the organization and the member States shall not be entitled to exercise rights under this Protocol concurrently.
3. In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by this Protocol. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

Article 23

No reservations may be made to this Protocol.⁹

8 To be revisited in the light of further discussions on the proposed Article 3 bis.

9 There was a reservation to the Article by one Party.

Article 24

1. This Protocol shall enter into force on the ninetieth day after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession, provided that the total carbon dioxide emissions for 1990 of the Parties which have deposited their instrument of ratification, acceptance, approval or accession, as indicated in their most recent national communication submitted under Article 12 of the Convention, by that time represent no less than three Gigatonnes of carbon.¹⁰
2. For each State or regional economic integration organization that ratifies, accepts or approves this Protocol or accedes thereto after the conditions for the entry into force have been fulfilled in accordance with paragraph 1 above, this Protocol shall enter into force on the ninetieth day following the date of deposit of its instrument of ratification, acceptance, approval or accession.
3. For the purposes of this Article, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of this organization.

Article 25

1. At any time after three years from the date on which this Protocol has entered into force for a Party, that Party may withdraw from this Protocol by giving written notification to the Depositary.
2. Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.
3. Any Party that withdraws from the Convention shall be considered as also having withdrawn from this Protocol.

Article 26

The original of this Protocol, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

10 There was no agreement on this paragraph.

30 October 1997

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

AD HOC GROUP ON THE BERLIN MANDATE

Eighth session

Bonn. 20 - 31 October 1997

IMPLEMENTATION OF THE BERLIN MANDATE

Additional proposals from Parties

Note by the secretariat

1. In addition to the proposals already received (see FCCC/AGBM/1997/MISC.1 and Add. 1-8), a further proposal has been received from the United Republic of Tanzania (on behalf of the Group of 77 and China).
2. In accordance with the procedure for miscellaneous documents, this proposal is attached and is reproduced in the language in which it was received and without formal editing.

FCCC/AGBM/1997/MISC.1/Add.9

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PAPER NO. 1: UNITED REPUBLIC OF TANZANIA
(On behalf of the Group of 77 and China)

POSITION PAPER OF THE GROUP OF 77 AND CHINA
ON A CONSOLIDATED TEXT

-PART 1-

INSTITUTIONS AND MECHANISMS

Preamble

The Parties to this Protocol

Being Parties to the United Nations Framework Convention on Climate Change hereinafter referred to as the "Convention",

In pursuit of the ultimate objective of the Convention as stated in its Article 2, *Recalling* the provisions of the Convention and being guided by its Article 3 and Article 4.2(d).

In pursuant to the Berlin Mandate adopted by decision 1/CP.1 of the Conference of the Parties to the Convention at its first session,

Have agreed as follows:

Article 1

Definitions:

Same as the non-group Chairman's text of 28 October 1997 (5:30)

Article 14

1. The Conference of the Parties, as the supreme body of the Convention, shall serve as the meeting of the Parties to the Protocol.
2. Parties to the Convention that are not Parties to the Protocol may participate as observers in the proceedings of any sessions of the meeting of the Parties. When the Conference of the Parties exercises its functions as the meeting of the Parties to this Protocol, decisions under the Protocol shall be taken only by those of its members that are, at that time, Parties of this Protocol.

3. When the Conference of the Parties exercises its functions as the meeting of the Parties to this Protocol, any member of the Bureau of the Conference of the Parties representing a Party to the Convention but, at that time, not a Party to this Protocol, shall be substituted by an additional member to be elected by and from amongst the Parties to this Protocol.

4. When the Conference of the Parties exercises its functions as the meeting of the Parties to this Protocol, in light of the review under Article 4.2(d) and 7.2 of the Convention, it shall keep under regular review the implementation of this Protocol and the adequacy of the commitment therein. It shall make, within its mandate, the decisions under the Protocol necessary to promote its effective implementation. To this end, it shall perform the following functions:

(a) Promote and facilitate the exchange of information on measures adopted by the Parties to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Protocol;

(b) Facilitate, at the request of two or more Parties, the co-ordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Protocol;

(c) Promote and guide, in accordance with the objective of the Convention, related decisions of the Conference of the Parties, and the provisions of the Protocol, the development and periodic refinement of comparable methodologies, to be agreed on by the meeting of the Parties, *inter alia*, for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases;

(d) Consider and adopt regular reports on the implementation of the Protocol including the adequacy of commitments and ensure their publication;

(e) Make recommendations on any matters necessary for the implementation of the Protocol;

(f) Seek and mobilize additional funding for the implementation of the Protocol,

(g) Seek and utilize, where appropriate, the services and co-operation of, and information provided by, competent international organisations and intergovernmental and non-governmental bodies; and

(h) Exercise any other such functions as may be required for the implementation of this Protocol, and shall consider any assignment resulting from a decision of the Conference of the Parties to the Convention.

5. The first session of the Conference of the Parties to the Convention, serving as the meeting of the Parties to the Protocol shall be convened after the date of entry into force of this Protocol in conjunction with the ordinary session of the Conference of the Parties to the Convention. Subsequent ordinary sessions shall be held every year and in conjunction with ordinary sessions of the Conference of the Parties to the Convention, unless otherwise decided by the Conference of the Parties serving as the meeting of the Parties.

6. Extraordinary sessions shall be held at such times as may be deemed necessary by the Conference of the Parties serving as meeting of the Parties, or at the written request of any Party, provided that, within six months of such a request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

7. The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any state member thereof, or observers thereto not Party to the Convention may be represented at sessions of the meeting of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by this Protocol and which has informed the secretariat of its wish to be represented at a session of the meeting of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Conference of the Parties.

8. Without prejudice to paragraphs 1 to 7 above, the Parties to this Protocol may also meet at any such times as may be deemed necessary by the Parties to this Protocol.

Article 16

Replace the second sentence of Article 16.1 with the following:

"Their functioning with respect to the Convention shall apply except for Article 10.2 (a) of the Convention, *mutatis mutandis* to this Protocol."

Article 17 (bis)

Add the following paragraph:

There shall be a periodic evaluation, for the period 2001-2005, 2006-2010, 2011-2015, and 2016-2020, of the compliance to each Annex I Party with its QELROS.

REPORT OF THE SBSTA

PRELIMINARY VERSION SUBJECT TO FINAL EDITING

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REPORT OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE ON THE WORK OF ITS SEVENTH SESSION BONN, 20-28 OCTOBER 1997

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I. OPENING OF THE SESSION

(Agenda item 1)

1. The seventh session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) was held at the Beethovenhalle, Bonn, from 20 to 28 October 1997.
2. At the 1st meeting on 20 October 1997, the Chairman of the SBSTA, Mr. Tibor Faragó (Hungary), opened the session and welcomed all delegates as well as observers from non-parties, United Nations bodies and organizations, and intergovernmental and non-governmental organizations and wished the participants a successful session. He urged delegates to make efficient use of the time allocated and to conclude the negotiations in a timely manner. He further noted that this was the last session of the SBSTA before the third session of the Conference of the Parties (COP 3) and, therefore, the last opportunity for the SBSTA to make recommendations for decisions to be adopted at COP 3.

II. ORGANIZATIONAL MATTERS

(Agenda item 2)

A. Adoption of the agenda

(Agenda item 2 (a))

3. At its 1st meeting, on 20 October 1997, the SBSTA considered the provisional agenda contained in document FCCC/SBSTA/1997/7, and adopted the following agenda:
 1. Opening of the session.
 2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of the work of the session;
 - (c) Preparations by the SBSTA for the third session of the Conference of the Parties (COP 3).
 3. Co-operation with relevant international organizations.
 4. National communications:
 - (a) Communications from Parties included in Annex I to the Convention;
 - (b) Communications from Parties not included in Annex I to the Convention.
 5. Methodological issues.
 6. Development and transfer of technologies:

- (a) Programme of work;
 - (b) Activities by Annex II Parties regarding the transfer of technologies.
7. Roster of experts.
 8. Activities implemented jointly under the pilot phase.
 9. Report on the session.

B. Organization of the work of the session

(Agenda item 2 (b))

4. The SBSTA considered this sub-item at its 1st meeting, on 20 October, during which the Chairman recalled the need to start on time as otherwise services for interpretation would be lost. Full conference services would be available for one morning and one afternoon meeting from 10 a.m. to 1 p.m. and from 3 p.m. to 6 p.m. The Chairman recalled that an informal meeting with the Intergovernmental Panel on Climate Change (IPCC) on the Third Assessment Report (TAR) was scheduled for the afternoon of 22 October.
5. The SBSTA agreed to the Chairman's proposal to amend the suggested approach to the organization of work contained in the annotations to the provisional agenda (FCCC/SBSTA/1997/7) by taking up additional items at its first meeting. It also agreed to set up groups to discuss two agenda items in informal consultations.
6. The Chairman informed the SBSTA that applications for observer status from three intergovernmental and 21 non-governmental organizations had been screened by the secretariat on the basis of the provisions of Article 7.6 of the Convention and in accordance with the procedures established by the COP for the admission of organizations (see document FCCC/SB/1997/INF.4). The SBSTA agreed to grant these organizations access to the current session of the SBSTA, pending formal action on their accreditation by the COP at its third session.
7. The SBSTA also agreed to the Chairman's proposal to follow the recommendations on the division of labour between the SBSTA and the Subsidiary Body for Implementation (SBI) that were agreed by both bodies at their sixth sessions, and consequently to allow one body to take overall responsibility in considering an issue. Specific inputs from the other body would be obtained by establishing informal joint working groups.

**C. Preparations by the SBSTA for the third session of the
Conference of the Parties**

(Agenda item 2 (c))

8. The SBSTA considered this sub-item at its 1st and 4th meetings, on 20 and 28 October respectively. At the 1st meeting, the SBSTA agreed to forward to COP 3 recommendations of

draft decisions for adoption. At its 4th meeting, the Chairman recalled that Article 9.1 provides, *inter alia*, that the SBSTA "shall report regularly to the Conference of the Parties on all aspects of its work". In that connection, the SBSTA requested its Chairman to present to COP 3 the reports of the SBSTA on the work of all of its sessions since the second session of the Conference of the Parties (COP 2), namely, its fourth, fifth, sixth and seventh sessions.

D. Attendance

9. The seventh session of the SBSTA was attended by representatives of 127 Parties and by observers from 6 States not parties to the Convention. It was also attended by representatives of 8 United Nations offices and programmes, 7 specialized agencies, 5 intergovernmental organizations and 122 non-governmental organizations¹.

E. Documentation

10. The documents before the SBSTA at its seventh session are listed in annex III below.

III. CO-OPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS

(Agenda item 3)

1. Proceedings

11. The SBSTA considered this item at its 3rd and 4th meetings, on 24 and 28 October respectively. It had before it documents FCCC/SBSTA/1997/8 and FCCC/SBSTA/1997/MISC.6. These documents contained reports prepared by the World Meteorological Organization (WMO) on the monitoring of greenhouse gases (GHGs) in the atmosphere and on the International Conference on the World Climate Research Programme, as requested by the SBSTA at its fourth and fifth sessions. The documents were introduced by representatives of the WMO, who also provided an oral report on the status of the Global Climate Observing System.

12. At the 3rd meeting, on 24 October, statements were made by the Chairman and the Chairman Emeritus of the IPCC, both of whom also responded to questions. Statements were made by representatives of 20 Parties, including one speaking on behalf of the European Community and its member States. Statements were also made by representatives of the International Civil Aviation Organization (ICAO) and the United Nations Environment Programme (UNEP) Technology and Economic Assessment Panel under the Montreal Protocol.

¹ For the full list of participants, see document FCCC/1997/INF.4.

13. Two informal meetings were organized with the IPCC on the Third Assessment Report (TAR) and on Technical Paper 4 on Implications of Proposed CO₂ Emissions Limitations, on 23 and 28 October, respectively. A report on the outcome of the first informal meeting was made by its Rapporteur, at the 3rd meeting of the SBSTA on 24 October, and a report on the outcome of the second informal meeting was made by its Chairman at the 4th meeting of the SBSTA on 28 October.

2. Conclusions

14. At its 4th meeting, on 28 October, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA noted with appreciation the information provided by the Chairman and the Chairman Emeritus of the IPCC in relation to the conclusions of the thirteenth session of that body, particularly regarding the structure and content of the Third Assessment Report (TAR), and noted with satisfaction the regional emphasis and the arrangements made for further involvement of experts from developing countries. It also noted the election of the new IPCC Bureau.

(b) The SBSTA also noted with appreciation the information given at the informal meeting organized by the secretariat and the IPCC on key issues that Parties wished to have included in the TAR, particularly in its synthesis report (for the list of issues, see annex II below). In that connection, it recalled that, at its sixth session, it had invited Parties to submit to the secretariat, before 20 January 1998, additional information on key policy issues to be addressed in the TAR, and that some Parties had already submitted the comments contained in FCCC/SBSTA/1997/MISC.4. The information compiled would be made available through the Joint Working Group of officers of the Convention bodies and of the IPCC.

(c) The SBSTA took note of the IPCC Special Report on Regional Impacts of Climate Change and the IPCC Technical Paper 4 on Implications of Proposed CO₂ Emissions Limitations, requested by the SBSTA. The latter paper was prepared in response to the request by the SBSTA to provide an assessment of the implications for projected temperature increases, sea level rise and other changes in climate of different proposals for the limitation of greenhouse gas emissions by Annex I Parties. The SBSTA took note of the differing views and concerns expressed with regard to Technical Paper 4 and drew the paper to the attention of the other bodies of the Convention.

(d) The SBSTA noted the progress of the IPCC special reports on Aviation and the Global Atmosphere, Methodological and Technological Aspects of Technology Transfer: Opportunities for Technology Co-operation, and Emission Scenarios, and requested the IPCC to complete those reports as soon as feasible.

(e) The SBSTA noted with appreciation the reports provided by the WMO in response to its requests at its fourth and fifth sessions, which covered the following subjects:

- (i) Monitoring of GHGs in the atmosphere;
- (ii) Report on and statement from the International Conference on the World Climate Research Programme: Achievements, Benefits and Challenges, held at Geneva, 26-28 August 1997;
- (iii) Status of the Global Climate Observing System.

(f) The SBSTA underlined the importance of the systematic observation and monitoring of GHGs and components of the climate system, and the need for adequate global coverage to provide basic information for scientific studies on the impact on the climate system of changes in atmospheric composition. The SBSTA agreed to consider further this issue at its next session.

(g) The SBSTA expressed its appreciation to those Parties already operating stations for the monitoring of GHGs, as well as to the Global Environment Facility (GEF) for its support in the establishment and operation of several stations.

(h) The SBSTA invited the relevant international organizations to continue their valuable work in support of the Convention process through the provision of periodic reports to the SBSTA, and, in particular, to identify gaps that developing countries faced in the following areas:

- (i) Endogenous capacity to monitor and assess important climate change parameters;
- (ii) Systematic observational networks to identify the possible onset and distribution of climate change and assess potential impacts, particularly at the regional level.

(i) The SBSTA also noted the message by the International Conference on the World Climate Research Programme to the Conference of the Parties contained in FCCC/SBSTA/1997/MISC.6.

(j) The SBSTA also noted with appreciation the information provided by the UNEP Technology and Economic Assessment Panel under the Montreal Protocol and by the International Civil Aviation Organization.

(k) The SBSTA decided to recommend for adoption by the Conference of the Parties at its third session, a draft decision on co-operation with the IPCC and a draft decision on the development of observational networks of the climate system (for the texts of these draft decisions, see annex I below).

IV. NATIONAL COMMUNICATIONS

(Agenda item 4)

A. Communications from Parties included in Annex I to the Convention

(Agenda item 4 (a))

1. Proceedings

15. The SBSTA considered this sub-item at its 1st and 3rd meetings, on 20 and 24 October respectively. It had before it the following documents: FCCC/SBSTA/1997/13; FCCC/SB/1997/6; FCCC/SBI/1997/19 and Add.1; and FCCC/SBI/1997/INF.4. Statements were made by representatives of nine Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

16. At its 3rd meeting, on 24 October, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA took note of the documents prepared by the secretariat related to this agenda sub-item, in particular, an annex on methodological issues contained in document FCCC/SBI/1997/19. It invited Parties to submit to the secretariat by 15 March 1998 their views on possible approaches aimed at resolving those methodological issues, and requested the secretariat to compile them for consideration at its eighth session.

(b) The SBSTA recalled decision 9/CP.2, requesting Annex I Parties to submit their national inventory data on an annual basis by 15 April of each year. In addition, the SBSTA invited Annex I Parties to make available to the secretariat by 6 June 1998, for purposes of comparison and transparency, their complete 1996 GHG inventories obtained using, when possible, best available methodologies and those obtained using the current IPCC default methodologies. The SBSTA requested the secretariat to draw upon the roster of experts to analyse and compare the results and assess the adequacy of information and the implications for meeting emissions limitation or reduction objectives, and to make them available for its ninth session.

(c) The SBSTA requested the secretariat to prepare, for consideration at its ninth session, a document listing methodological issues identified by the secretariat while processing national GHG inventories and in the course of in-depth reviews, taking into account the submissions from Parties.

(d) The SBSTA agreed to consider at its ninth session what, if any, additions and/or amendments to the revised UNFCCC guidelines for the preparation of national communications by Annex I Parties would be required, taking into account the results of the above-mentioned activities, together with inputs from other bodies, such as the IPCC.

(e) The SBSTA forwarded to the SBI a text for inclusion as operative paragraph 1 of a draft decision on this sub-item to be recommended by the SBI for adoption by the COP at its third session (for the text of the draft decision, see document FCCC/SBI/1997/CRP.10, annex D).

B. Communications from Parties not included in Annex I to the Convention

(Agenda item 4 (b))

17. The SBSTA considered this sub-item at its 1st meeting, on 20 October. It noted that, as was indicated in the annotations to the provisional agenda (FCCC/SBSTA/1997/7, para. 18), in view of the agreed division of labour, this item would be discussed by the SBI. Since there were no methodological issues under this sub-item that needed to be addressed at the current session, there was, therefore, no need for an input from the SBSTA.

V. METHODOLOGICAL ISSUES

(Agenda item 5)

1. Proceedings

18. The SBSTA considered this item at its 2nd, 3rd and 4th meetings, on 21, 24 and 28 October respectively. It had before it the following documents: FCCC/SBSTA/1997/9 and FCCC/1997/TP/2.

19. Statements were made by representatives of nine Parties, including one speaking on behalf of the Group of 77 and China and another speaking on behalf of the European Community and its member States.

2. Conclusions

20. At its 4th meeting, on 28 October, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA recalled decision 9/CP.2, which states that 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 a clear indication of the method followed. Both adjusted and unadjusted data should be provided. The SBSTA also recalled that, at its fourth session, it had stressed the necessity of reporting inventories in mass units without adjustments, according to the guidelines, and had concluded that adjustments were to be regarded as important information in relation to the monitoring of emission trends and the performance of policies and measures, and should be reported separately (see FCCC/SBSTA/1996/20).

(b) On the basis of the information in document FCCC/SBSTA/1997/9, the SBSTA further concluded that weather adjustments, in particular temperature adjustments, to national GHG inventories and projections might be a useful tool to understand the factors influencing emissions and to assess the effectiveness of policies and measures. For that purpose, individual Parties might choose whether adjustments were applied, in addition to reporting unadjusted inventory data, and, if so, which methods were chosen. The SBSTA encouraged Parties to share with others their experiences with the application of adjustments.

(c) The SBSTA noted that the information in document FCCC/SBSTA/1997/9 and FCCC/TP/1997/2 might have a bearing on the work of the SBI and AGBM and invited those bodies to consider that information in their work.

(d) The SBSTA noted with appreciation the decision of the IPCC at its thirteenth session to accelerate work on uncertainties related to GHG inventories in the IPCC/OECD/IEA programme, as requested by the SBSTA at its sixth session.

(e) The SBSTA requested the secretariat to prepare a report that aimed to identify the gaps faced by developing countries in the areas of research on, and development of, methodologies related to the preparation of inventories of emissions from sources and removals by sinks, with a view to obtaining the highest quality information needed to reduce scientific uncertainty while maintaining comparability.

VI. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

(Agenda item 6)

A. Programme of work

(Agenda item 6 (a))

1. Proceedings

21. The SBSTA considered this sub-item at its 2nd and 4th meetings, on 21 and 28 October respectively. It had before it the following documents: FCCC/SBSTA/1997/10; FCCC/SBSTA/1997/INF.5 and FCCC/TP/1997/3.

22. Statements were made by representatives of seven Parties, including one speaking on behalf of the European Community and its member States. A statement was also made by a representative of the Climate Technology Initiative (CTI).

2. Conclusions

23. At its 4th meeting, on 28 October, having considered a proposal made by the Chairman on the basis of informal consultations, the SBSTA adopted the following conclusions:

(a) The SBSTA took note with appreciation of the progress report on development and transfer of technologies prepared by the secretariat (FCCC/SBSTA/1997/10), of the technical report with an overview of adaptation technologies (FCCC/TP/1997/3), and the preliminary review of existing technology information centres and networks prepared by the Climate Technology Initiative (CTI).

(b) The SBSTA welcomed the activities of the secretariat, in co-operation with the University of Amsterdam (IVAM Environmental Research), to expand the survey of technology and technology information needs to all non-Annex I Parties, and requested the latter to co-operate with the secretariat in its completion.

(c) The SBSTA noted the need to accelerate the process of providing information on technologies. With respect to the first level of options in document FCCC/SBSTA/1997/10, para. 44, it suggested that the International Energy Agency (IEA) should seek means to open Greentie to participation by all Parties, and requested the secretariat to explore options to enhance support for training, in non-Annex II Parties, in the use of information technologies.

(d) The SBSTA urged Parties to provide comments on (an) international centre(s), including their possible functions as well as institutional and financial arrangements, by 30 March 1998, to be compiled into a miscellaneous document. It requested the secretariat to further update information on the topic for the next session.

(e) The SBSTA requested the SBI to consider options for funding (an) international centre(s) and enhancing support for national or regional centres. In that context it called upon the secretariat to consult with the GEF and other relevant international organizations and solicit information on their capabilities and abilities to support the work of (an) international technology information centre(s), as well as national and regional centres; and enhance support for national and regional centres, and to report to the SBI and the SBSTA on its findings.

24. The SBSTA decided to recommend for adoption by the Conference of the Parties at its third session, a draft decision on the development and transfer of technologies, which includes elements relating to sub-item 6 (b) (for the text of the draft decision, see annex I below).

B. Activities by Annex II Parties regarding the transfer of technologies

(Agenda item 6 (b))

1. Proceedings

25. The SBSTA considered this sub-item at its 2nd and 4th meetings, on 21 and 28 October, respectively. It had before it document FCCC/SBSTA/1997/13.

26. Statements were made by representatives of eight Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

27. At its 4th meeting, on 28 October, having considered a proposal made by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA took note with appreciation of the document prepared by the secretariat on activities of Parties included in Annex II related to transfer of technology (FCCC/SBSTA/1997/13), which was based on second national communications.

(b) The SBSTA requested all Annex II Parties that had not submitted their second national communications to follow the reporting guidelines, and urged those Parties that had already submitted their second communications to provide supplementary information on finance and transfer of technology, if their initial information was incomplete.

(c) The SBSTA took note of the need for better information with respect to finance and transfer of technology and agreed to consider at its ninth session what, if any, additions and/or amendments to the revised guidelines for the preparation of national communications by Annex II Parties would be required. It invited Parties to submit to the secretariat by 15 March 1998 their views on reporting information on finance and transfer of technology and requested the secretariat to compile them for consideration at its eighth session. It also urged the secretariat to explore other means of obtaining such information, including the in-depth reviews of national communications.

VII. ROSTER OF EXPERTS

(Agenda item 7)

1. Proceedings

28. The SBSTA considered this item at its 1st, 2nd, 3rd and 4th meetings, on 20, 21, 24 and 28 October, respectively. It had before it the following documents: FCCC/SBSTA/1997/11 and FCCC/SBSTA/1997/INF.6.

29. Statements were made by representatives of 19 Parties, including one speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China.

2. Conclusions

30. At its 4th meeting, on 28 October, having considered a proposal made by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA noted the need for the provision of technical inputs to its work on methodological and technological issues. In this connection, Parties considered the issues of the use of the roster of experts and the use of the intergovernmental technical advisory panels.

(b) The SBSTA recalled its intention, as agreed at its fourth session, to expand the roster to include experts in the field of methodologies, and requested the secretariat to seek additional nominees with methodological expertise from Parties, reflecting the priority areas in the work programme. Recognizing that there were still gaps in some of the areas of expertise in the roster, particularly as regards individuals with backgrounds related to the economic and financial aspects of transfer of technology and know-how, such as bilateral aid programmes, multilateral lending and private-sector banking, the SBSTA encouraged Parties to nominate additional experts in relevant fields. For any tasks identified in the future programme of work of the SBSTA, Parties should be asked to nominate further experts.

(c) The SBSTA concluded that the areas of expertise currently covered in the roster would suggest that, in addition to other uses of the roster, experts might provide the SBSTA with advice on particular tasks relating to technological and methodological issues, including the preparation and review of reports. It noted that rosters maintained by other IGOs also provided lists of experts with experience relevant to the work of the Convention secretariat.

(d) The SBSTA requested the secretariat, in utilizing experts on the roster for its work, to take into account the following criteria:

(i) That the experts should have a professional background relevant to the issues/subjects;

(ii) That the roster should be regularly updated, on the basis of submissions from Parties, particularly taking into account projects/tasks defined by the SBSTA;

(iii) That a balanced regional representation should be maintained;

(iv) That the element of capacity building should be fully respected.

(e) The SBSTA requested the secretariat to review its standardized form for collecting information on nominees to the roster of experts and decided to consider this form and the data base generated from its use, at its eighth session.

(f) The SBSTA also requested the secretariat to report annually on the following data with respect to the roster of experts (including any changes in these data):

(i) The application of the criteria adopted to select the experts;

- (ii) The regional participation of experts by task, with a breakdown of participation by country;
- (iii) Regional participation and promotion of capacity building.

(g) The SBSTA concluded that, to date, there had not been sufficient experience to fully evaluate the utility of the roster or its use by the secretariat. It therefore requested the secretariat to continue using the roster when providing the SBSTA with advice on technologies and methodologies, and to prepare a further evaluation of the roster for submission to the Conference of the Parties at its fifth session.

VIII. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

(Agenda item 8)

1. Proceedings

31. The SBSTA considered this item at its 1st, 3rd and 4th meetings, on 20, 24 and 28 October, respectively. It had before it the following documents: FCCC/SBSTA/1997/12 and Corr.1 and 2, and Add.1, and FCCC/SBSTA/1997/INF.3.

32. Statements were made by representatives of 22 Parties, including one speaking on behalf of the Group of 77 and China and another speaking on behalf of the European Community and its member States. Statements were also made by representatives of the United Nations Environment Programme (UNEP) and the International Energy Agency (IEA).

2. Conclusions

33. At its 4th meeting, on 28 October, having considered a proposal made by the Chairman on the basis of informal consultations, the SBSTA adopted the following conclusions:

(a) The SBSTA and the SBI took note of the synthesis report by the secretariat on activities implemented jointly (FCCC/SBSTA/1997/12 and Corr.1 and 2, and Add.1) as well as of the concise update containing preliminary findings with regard to work on methodological issues (FCCC/SBSTA/1997/INF.3).

(b) The SBSTA and the SBI decided to forward this synthesis report to the Conference of the Parties for its consideration.

(c) The SBSTA invited Parties participating in the pilot phase of activities implemented jointly to note that the deadline for the submission of reports to be taken into account in the synthesis report for the fourth session of the Conference of the Parties was 30 June 1998.

(d) The SBSTA and the SBI decided to recommend a draft decision on activities implemented jointly under the pilot phase for adoption by the Conference of the Parties at its third session (for the text of the draft decision see annex I below).

IX. REPORT ON THE SESSION

(Agenda item 9)

34. At its 4th meeting, on 28 October, the SBSTA approved the draft report on the work of its seventh session as contained in document FCCC/SBSTA/1997/CRP.4. It authorized its Rapporteur, in consultation with the Chairman and with the assistance of the secretariat, to finalize the report as appropriate.

X. CLOSURE OF THE SESSION

35. Closing statements were made by representatives of Luxembourg (on behalf of the European Community and its member States), Canada, Malaysia and the United States of America, in which tribute was paid to the Chairman for the part he had played in guiding the work of the SBSTA.

36. In closing the session, the Chairman noted that this was his last meeting as Chairman of the SBSTA. He thanked all participants for their constructive co-operation throughout his term of office and expressed his hope for a successful outcome at Kyoto.

Annex I**Draft decisions recommended by the Subsidiary Body for Scientific and Technological
Advice for adoption by the Conference of the Parties at its third session**

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Draft decision --/CP.3**1. Co-operation with the Intergovernmental Panel on Climate Change**

The Conference of the Parties,

Reaffirming its decision 6/CP.2, paragraph 5, in which it urged continuing co-operation between the Convention bodies and the Intergovernmental Panel on Climate Change (IPCC),

1. *Expresses* appreciation to the IPCC for its contribution to the Convention process, particularly through its prompt response to requests from the Subsidiary Body for Scientific and Technical Advice (SBSTA) for technical papers, special reports and Guidelines for National Greenhouse Gas Inventories, as well as for its plans for the preparation of the Third Assessment Report (TAR); and, in this connection, *requests* the SBSTA to give further consideration to issues related to the work of the IPCC and to formulate policy-relevant questions which should be addressed in the TAR;
2. *Thanks* the Chairman Emeritus of the IPCC, Professor Bert Bolin, for his outstanding work and his valuable scientific contribution to the Convention process;
3. *Invites* the subsidiary bodies of the Convention, in particular the SBSTA, to continue their co-operation with the IPCC.

Draft decision --/CP.3**2. Development of observational networks of the climate system**

The Conference of the Parties,

Recalling Articles 4.1(g) and 5 of the Convention,

Noting the importance of the observations, analysis and research relevant to the various components of the climate system,

1. *Expresses* appreciation of the work carried out by the relevant intergovernmental organizations, particularly the development of such observational programmes as the Global Climate Observing System (GCOS), the Global Ocean Observing System (GOOS) and the Global Terrestrial Observing System (GTOS);

2. *Recognizes* the concerns raised by the relevant intergovernmental organizations with regard to the long term sustainability of these observational systems;

3. *Urges* Parties to provide the necessary resources to reverse the decline in the existing observational networks and to support the global and regional observational systems being developed under GCOS, GOOS and GTOS, through appropriate funding mechanisms;

4. *Requests* the SBSTA, with the assistance of the secretariat and in consultation with the Intergovernmental Panel on Climate Change, to consider the adequacy of these observational systems and to report on its conclusions to the Conference of the Parties at its fourth session.

Draft decision --/CP.3**3. Development and transfer of technologies**

The Conference of the Parties,

Recalling the relevant provisions of the programme for the further implementation of Agenda 21 on the transfer of environmentally sound technologies adopted by the United Nations General Assembly at its nineteenth special session,

Noting the role of the public and private sectors in developing and disseminating environmentally sound and economically viable technologies related to the mitigation of, and adaptation to, climate change,

Recognizing the progress made by countries in fostering the institutional and regulatory environment necessary for the introduction of environmentally sound technologies and the need for continued efforts by Parties to remove existing market barriers to technology dissemination,

Recalling its decisions 13/CP.1 and 7/CP.2 on transfer of technology,

Having considered the progress reports presented by the Convention secretariat on the development and transfer of technology,

1. *Reaffirms* decisions 13/CP.1 and 7/CP.2 on transfer of technology;
2. *Requests* the Convention secretariat;
 - (a) To continue its work on the synthesis and dissemination of information on environmentally sound technologies and know-how conducive to mitigating, and adapting to, climate change; for example, by accelerating the development of methodologies for adaptation technologies, in particular decision tools to evaluate alternative adaptation strategies, bearing in mind the work programme on methodological issues as approved by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its sixth session (FCCC/SBSTA/1997/6, section IV);
 - (b) To consult with the Global Environment Facility (GEF) and other relevant international organizations, and solicit information on their capabilities and abilities to support the work of (an) international technology information centre(s), as well as national and regional centres, and to enhance support for national and regional centres, and to report to the Subsidiary Body for Implementation (SBI) and the SBSTA on its findings; and
 - (c) To consider specific case studies, as part of its work on terms of transfer of technologies, drawing on the experience of Parties, including demonstration projects, with the

aim of evaluating barriers to the introduction and implementation of environmentally sound technologies and know-how, and of promoting their practical application;

3. *Requests* the SBI to consider options for funding (an) international technology information centre(s) and enhancing support for national or regional centres;

4. *Requests* the SBSTA to forward any conclusions regarding technology information centres and enhancing support for national or regional centres to the SBI for consideration;

5. *Urges* Parties:

(a) To create an enabling environment to help further stimulate private-sector investment in, and transfer of, environmentally sound technologies; and

(b) To improve reporting in national communications on technology needs and technology transfer activities, as indicated in the reporting guidelines adopted by the Parties.

Draft decision --/CP.3**4. Activities implemented jointly under the pilot phase**

The Conference of the Parties,

Acknowledging the contributions of the Parties which submitted reports on activities implemented jointly under the pilot phase,

Noting the progress made in the pilot phase as evidenced in the synthesis report on activities implemented jointly (FCCC/SBSTA/1997/12 and Corr.1 and 2, and Add.1) and the concise update on contact and activity information (FCCC/SBSTA/1997/INF.3),

1. *Takes note* of the synthesis report on activities implemented jointly (FCCC/SBSTA/1997/12 and Corr.1 and 2, and Add.1);
2. *Reaffirms* its decision 5/CP.1 on activities implemented jointly under the pilot phase;
3. *Adopts* the uniform reporting format contained in FCCC/SBSTA/1997/4, and *invites* Parties to report in accordance with that format and to provide inputs to the secretariat on their experience in using it, so that, if necessary, changes can be incorporated.

Annex II

List of key policy issues to be addressed in the Third Assessment Report of the Intergovernmental Panel on Climate Change

The issues listed below were identified by Parties during an informal meeting with the Intergovernmental Panel on Climate Change (IPCC), taking note of the fact that the list may not be exhaustive. Parties have been invited to submit to the secretariat, before 20 January 1998, additional information on key policy issues to be addressed in the Third Assessment Report (TAR).

1. General suggestions:

- Assess and narrow the range of uncertainties;
- Improve and simplify the presentation of results;
- Timely dissemination of reports in print and via electronic mail (where available);
- Translation of literature into, and utilization of literature in, languages other than English;
- Inclusion of an index in the TAR in order to facilitate its use;
- Improve assessment by narrowing the range of uncertainties and indicating the limitations of results;
- Present the results in such a way as to ensure the TAR remains advisory in nature.

2. Specific requests to the IPCC:

(a) To develop and improve existing scenarios, taking into account current technological developments and efforts of developing countries in response to climate change.

(b) To quantify the social, economic and environmental implications of :

- different stabilization pathways in all sectors;
- technologies and related costs, and the necessary policies needed to set limits of e.g. 2 °C, 20 cm sea level rise and a CO₂ concentration of 550 ppmv;
- changes in various indicators of climate change;
- different levels of greenhouse gas (GHG) concentrations, with a view to interpreting Article 2 of the Convention.

(c) To improve and update Global Warming Potentials (GWPs) in order to narrow the range of uncertainties.

(d) To assess the adequacy of land, ocean and satellite- based observational and monitoring systems.

(e) To develop and improve existing methodologies and guidelines to assess GHG sinks, and other gases not yet included in the IPCC assessment, such as nitrogen fluoride.

3. Policy- relevant questions:

(a) Would delaying action increase the risk of surprises, in particular in the form of rapid and/or irreversible changes to the climate system?

(b) With respect to equity-related issues:

- What are the linkages between historic emissions and future climate change?
- How can barriers be removed to facilitate the transfer of technologies between developed and developing countries?

(c) What are the technological options for adaptation, particularly low-cost options, for developing countries?

(d) What are the costs of action and inaction in response to climate change?

(e) What are the linkages between the El Niño phenomenon, changes in regional precipitation and extreme weather events, on the one hand, and global warming, on the other hand?

(f) What are the interactions between climate change and other environmental changes; what are their implications for policies responses; and what are the economic and social costs?

(g) What are the most common minority views which contradict the consensus of available scientific conclusions?

Annex III**List of documents before the Subsidiary Body for Scientific and Technological Advice at its seventh session****Documents prepared for the session**

FCCC/SBSTA/1997/7	Provisional agenda and annotations.
FCCC/SBSTA/1997/8	Cooperation with relevant international organizations: Monitoring of greenhouse gases in the atmosphere.
FCCC/SBSTA/1997/9	Methodological issues: Progress report.
FCCC/SBSTA/1997/10	Development and transfer of technologies: Progress report.
FCCC/SBSTA/1997/11	Roster of experts: Experience of the secretariat in its use.
FCCC/SBSTA/1997/12	Synthesis report on activities implemented jointly under the pilot phase.
FCCC/SBSTA/1997/12/Corr.1	Synthesis report on activities implemented jointly under the pilot phase. Corrigendum.
FCCC/SBSTA/1997/12/Corr.2	Synthesis report on activities implemented jointly under the pilot phase. Corrigendum.
FCCC/SBSTA/1997/12/Add.1	Synthesis report on activities implemented jointly under the pilot phase: Addendum.
FCCC/SBSTA/1997/13	Second communications from Parties included in Annex I to the Convention. Activities of Parties included in Annex II related to transfer of technology.
FCCC/SBSTA/1997/INF.3	Activities implemented jointly under the pilot phase.

FCCC/SBSTA/1997/INF.5	Development and transfer of technologies: Proposal from a Party: Draft decision regarding the transfer of technologies.
FCCC/SBSTA/1997/INF.6	Roster of experts: Nominations to the roster.
FCCC/SBSTA/1997/MISC.6	Report on World Climate Research Programme. Report of the Conference on the WCRP.
FCCC/SBSTA/1997/L.5	Methodological issues: Draft conclusions.
FCCC/SBSTA/1997/CRP.3	Second communications from Parties included in Annex I to the Convention. Activities of Parties included in Annex II related to technology transfer. Comments from experts included on the roster.
FCCC/SBSTA/1997/CRP.4	Draft report of the Subsidiary Body for Scientific and Technological Advice on the work of its seventh session.

Other documents for the session

FCCC/CP/1995/7/Add.1	Report of the Conference of the Parties on its first session, held at Berlin from 28 March to 7 April 1995. Part two.
FCCC/CP/1996/15/Add.1	Report of the Conference of the Parties on its second session, held at Geneva from 8 to 19 July 1996. Part two.
FCCC/SBSTA/1995/2	Proposed programme of work.
FCCC/SBSTA/1995/3	Report of the Subsidiary Body for Scientific and Technological Advice on the work of its first session held at Geneva from 28 August to 1 September 1995.
FCCC/SBSTA/1996/2	Establishment of Intergovernmental Technical Advisory Panel(s).
FCCC/SBSTA/1996/3	Communications from Parties included in Annex I to the Convention: Report on the guidelines for the preparation of first communications by Annex I Parties.

- FCCC/SBSTA/1996/MISC.3 Establishment of Intergovernmental Technical Advisory Panel(s): Comments from Parties, positions of the Group of 77 and China, and of the United States of America.
- FCCC/SBSTA/1997/4 Report of the Subsidiary Body for Scientific and Technological Advice on the work of its fifth session, Bonn, 25-28 February 1997.
- FCCC/SBSTA/1997/6 Report of the Subsidiary Body for Scientific and Technological Advice on the work of its sixth session, Bonn, 28 July - 5 August 1997.
- FCCC/SBI/1997/17 Report of the Subsidiary Body for Implementation on the work of its sixth session, Bonn, 28 July - 5 August 1997.
- FCCC/SBI/1997/19 Communications from parties included in Annex I to the Convention: First compilation and synthesis of second communications.
- FCCC/SBI/1997/19/Add.1 Communications from Parties included in Annex I to the convention: First compilation and synthesis of second communications, Addendum, Tables of inventories of anthropogenic emissions and removals and projections up to the year 2020.
- FCCC/SBI/1997/INF.4 Communications from Parties included in Annex I to the Convention. Updated information on greenhouse gas emissions and projections.
- FCCC/SBI/1997/6 Communications from Parties included in Annex I to the Convention: Inventory and projection data.
- FCCC/TP/1997/2 Methodological issues: Temperature adjustments.
- FCCC/TP/1997/3 Adaptation technologies.

REPORT OF THE SBI
AND
VICE-CHAIRMAN'S PROPOSAL
ON NON-ANNEX 1 NATIONAL COMMUNICATIONS

PRELIMINARY VERSION SUBJECT TO FINAL EDITING

SUBSIDIARY BODY FOR IMPLEMENTATION

Seventh session

Bonn, 20-29 October 1997

FCCC/SBI/1997/CRP.10
30 October 1997

ENGLISH ONLY

REPORT OF THE SUBSIDIARY BODY FOR IMPLEMENTATION ON THE WORK OF ITS SEVENTH SESSION, BONN, 20-29 OCTOBER 1997

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I. OPENING OF THE SESSION

(Agenda item 1)

1. The seventh session of the Subsidiary Body for Implementation (hereinafter referred to as "the SBI") was held at the Beethovenhalle, Bonn, from 20 to 29 October 1997.
2. The Vice-Chairman of the SBI, Mr. José Romero (Switzerland), opened the session at the 1st meeting, on 20 October 1997. In welcoming the participants, he noted that the Chairman of the SBI, Mr. Mahmoud Ould El Ghaouth (Mauritania), was not able to attend this session because of the ill health of a member of his family¹. He urged delegates to make efficient use of the time allocated and to conclude the negotiations in a timely manner. He further noted that this was the last session of the SBI before the third session of the Conference of the Parties (COP 3) and, therefore, the last opportunity for the SBI to make recommendations for decisions to be adopted by COP 3.
3. The Executive Secretary concurred that the main task of the SBI at its current session, as was the case for the Subsidiary Body for Scientific and Technical Advice (SBSTA), was to reach consensus on recommendations to COP 3 to enable the latter to focus on the completion of the Berlin Mandate. Reviewing certain matters on the SBI agenda, he stressed the need of developing countries for support in preparing their initial national communications and in strengthening national capacities to address climate change. In that connection, he expressed satisfaction at the imminent start-up of a Global Environment Facility (GEF) project to support national communications. The Executive Secretary made known his strong concern at the delays in contributions to the core budget for the current biennium, including from some major contributors, and also appealed for further contributions to the Trust Fund for Participation in time for COP 3. He informed the SBI that the Convention secretariat was preparing for the introduction of the new programme structure and was looking forward to future co-operation with the secretariat of the Convention to Combat Desertification, when it moved to Bonn.

II. ORGANIZATIONAL MATTERS

(Agenda item 2)

4. The SBI considered this item at its 1st meeting, on 20 October. Statements were made by representatives of five Parties, including one speaking on behalf of the Group of 77 and China.

A. Adoption of the agenda

(Agenda item 2 (a))

5. At its 1st meeting, on 20 October, the SBI considered the provisional agenda contained in document FCCC/SBI/1997/17 and Add.1, and adopted the following agenda:

¹ The Chairman resumed his functions on Monday, 27 October.

1. Opening of the session.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of the work of the session.
3. National communications:
 - (a) Communications from Parties included in Annex I to the Convention;
 - (b) Communications from Parties not included in Annex I to the Convention.
4. Financial mechanism: Review process referred to in decision 9/CP.1.
5. Activities implemented jointly under the pilot phase.
6. Development and transfer of technologies.
7. Arrangements for intergovernmental meetings.
8. Proposed amendments to the Convention.
9. Administrative and financial matters.
10. Mechanisms for consultation with non-governmental organizations (NGOs).
11. Legal matters: Implementation of the Headquarters Agreement.
12. Report on the session.

B. Organization of the work of the session
(Agenda item 2 (b))

6. At its 1st meeting, on 20 October, the Vice-Chairman stated that full conference services would be available from 10 a.m. to 1 p.m. and from 3 p.m. to 6 p.m. on the days allotted to the SBI. The SBI approved the organization of the work as presented by the Vice-Chairman. It was agreed to follow the recommendations on the division of labour between the SBI and the SBSTA that were agreed by both bodies at their sixth sessions, and consequently to allow one body to take overall responsibility in considering an issue. Specific inputs from the other body would be obtained by establishing informal joint working groups. The Vice-Chairman also referred to the documentation before the seventh session, as described in documents FCCC/SBI/1997/17 and Add.1.

7. The Vice-Chairman informed the SBI that applications for observer status from three intergovernmental and 21 non-governmental organizations had been screened by the secretariat on the basis of the provisions of Article 7.6 of the Convention and in accordance with the procedures established by the COP for the admission of organizations (see document FCCC/SB/1997/INF.4). The SBI agreed to admit these organizations as observers on a provisional basis, pending formal action on their accreditation by the COP at its third session.

C. Attendance

8. The seventh session of the SBI was attended by representatives of 127 Parties and by observers from 6 States not parties to the Convention. It was also attended by representatives of 8 United Nations offices and programmes, 7 specialized agencies, 5 intergovernmental organizations and 122 non-governmental organizations².

D. Documentation

9. The documents before the SBI at its seventh session are listed in annex II below.

III. NATIONAL COMMUNICATIONS

(Agenda item 3)

A. Communications from Parties included in Annex I to the Convention

(Agenda item 3 (a))

1. Proceedings

10. The SBI considered this sub-item at its 2nd and 5th meetings, on 21 and 29 October respectively. It had before it the following documents: FCCC/SBI/1997/19 and Add.1, FCCC/SBI/1997/20; FCCC/SBI/1997/INF.4 and INF.6; FCCC/SBSTA/1997/13 and FCCC/SB/1997/6. Statements were made by representatives of eight Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

11. At its 5th meeting, on 29 October, the SBI, having considered a proposal by the Vice-Chairman (FCCC/SBI/1997/L.7), adopted the following conclusions:

(a) The SBI took note of the first compilation and synthesis report on the second national communications from Annex I Parties submitted to the secretariat before 15 August 1997 (FCCC/SBI/1997/19 and Add.1). The SBI noted with satisfaction that the information

² For the full list of participants, see document FCCC/1997/INF.4.

contained in second national communications so far received was, in general, of better quality than in the first ones.

(b) The SBI took note of the report of the secretariat on the progress made in the review of the first national communications from Annex I Parties and in the submission of second national communications. The SBI urged those Annex I Parties whose second national communications were overdue to submit them as soon as possible.

(c) The SBI took note of document FCCC/SBI/1997/INF.4 on the progress achieved by Annex I Parties in returning, individually or jointly, their GHG emissions to 1990 levels by 2000. It noted that additional efforts would be needed by many of those Parties to achieve such returns.

(d) The SBI requested the secretariat to evaluate the feasibility of compiling and maintaining available supplementary data from authoritative sources on GHG emissions for the purpose of comparison with the national submissions and to present a report on this comparison to its ninth session. It also requested the secretariat to make available each Party's annual emission inventories on the secretariat's Web site.

(e) The SBI expressed its intention to perform an interim assessment of the in-depth reviews of second national communications for its ninth session and requested the secretariat to provide relevant information, including recommendations and suggestions to improve the process.

(f) The SBI noted with regret that insufficient responses from Annex I Parties did not allow presentation of the schedule of in-depth reviews of second national communications at its current session. It urged Annex I Parties to provide the secretariat with information on the proposed dates of in-depth reviews, with a view to finalizing the schedule before the third session of the Conference of the Parties.

(g) The SBI endorsed further initiatives of the secretariat to increase participation of experts from non-Annex I Parties in the review process, in particular those experts who were likely to be involved in the preparation of a national communication.

(h) Having received an input from the SBSTA, the SBI decided to recommend, for adoption by the Conference of the Parties at its third session, a draft decision on national communications from Annex I Parties (for the text of the draft decision, see annex I below).

B. Communications from Parties not included in Annex I to the Convention

(Agenda item 3 (b))

1. Proceedings

12. The SBI considered this sub-item at its 1st and 5th meetings, on 20 and 29 October respectively. It had before it the following documents: FCCC/SBI/1997/INF.3; FCCC/SBI/1997/MISC.8 and FCCC/CP/1997/MISC.1. Statements were made by representatives of 8 Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

13. At its 5th meeting, on 29 October, the SBI, having considered a proposal by the Vice-Chairman (FCCC/SBI/1997/L.8), adopted the following conclusions on this sub-item:

(a) The SBI decided to continue its deliberations on a process for considering initial national communications from non-Annex I Parties with a view to recommending a decision to the Conference of the Parties at its fourth session.

(b) The SBI requested the secretariat:

(i) To organize a workshop on a process for considering initial national communications from non-Annex I Parties, to be held prior to the eighth session of the SBI, with the aim of assisting deliberations on the matter in the light of submissions of those initial national communications received by the secretariat by that time;

(ii) To include, in its regular report to the SBI on the activities of the secretariat to facilitate the provision of financial and technical support to non-Annex I Parties for the preparation of initial national communications, its observations on the initial national communications submitted by non-Annex I Parties by 30 March 1998; and

(iii) To make available a compilation of comments by Parties on the Co-chairs' draft compilation which was transmitted for further consideration at the workshop and by the SBI at its eighth session (for the text of the Co-chairs' draft compilation, see the appendix below). Parties were invited to submit those comments to the secretariat prior to 21 March 1998.

**IV. FINANCIAL MECHANISM: REVIEW PROCESS
REFERRED TO IN DECISION 9/CP.1**

(Agenda item 4)

1. Proceedings

14. The SBI considered this item at its 2nd and 5th meetings, on 21 and 29 October respectively. It had before it the following documents: FCCC/SBI/1997/16; FCCC/SBI/1997/MISC.9 and FCCC/CP/1997/MISC.1. Statements were made by representatives of six Parties, including one speaking on behalf of the European Community and its member States and one speaking on behalf of the Group of 77 and China.

2. Conclusions

15. At its 5th meeting, on 29 October, the SBI, having considered a proposal by the Vice-Chairman (FCCC/SBI/1997/L.9), decided to recommend, for adoption by the Conference of the Parties at its third session, a draft decision on the review of the financial mechanism and a draft decision on the annex to the Memorandum of Understanding (for the texts of these draft decisions, see annex I below).

V. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

(Agenda item 5)

1. Proceedings

16. The SBI considered this item at its 1st and 5th meetings, on 20 and 29 October respectively. Statements were made by representatives of 13 Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

17. At its 5th meeting, on 29 October, the SBI decided to adopt the following conclusions, which had been prepared in a joint SBI/SBSTA working group and had already been adopted by the SBSTA:

(a) The SBSTA and the SBI took note of the synthesis report by the secretariat on activities implemented jointly (FCCC/SBSTA/1997/12 and Corr.1 and 2, and Add.1) as well as of the concise update containing preliminary findings with regard to work on methodological issues (FCCC/SBSTA/1997/INF.3).

(b) The SBSTA and the SBI decided to forward this synthesis report to the Conference of the Parties for its consideration.

(c) The SBSTA invited Parties participating in the pilot phase of activities implemented jointly to note that the deadline for the submission of reports to be taken into account in the synthesis report for the fourth session of the Conference of the Parties was 30 June 1998.

(d) The SBSTA and the SBI decided to recommend a draft decision on activities implemented jointly under the pilot phase for adoption by the Conference of the Parties at its third session (for the text of the draft decision, see document FCCC/SBSTA/1997/CRP.4, annex D).

VI. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

(Agenda item 6)

1. Proceedings

18. The SBI considered this item at its 1st and 5th meetings, on 20 and 29 October respectively. Statements were made by representatives of two Parties.

2. Conclusions

19. At its 5th meeting on 29 October, the SBI, having considered inputs from the joint working group established by the SBI and the SBSTA, decided to recommend, for adoption by the Conference of the Parties at its third session, a draft decision on the development and transfer of technologies (for the text of the draft decision, see document FCCC/SBSTA/1997/CRP.4, annex D). This draft decision had already been agreed by the SBSTA.

VII. ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

(Agenda item 7)

1. Proceedings

20. The SBI considered this item at its 3rd and 4th meetings, on 22 and 27 October respectively. It had before it the following documents: FCCC/SBI/1997/17/Add.1 and FCCC/CP/1997/1. Statements were made by representatives of 12 Parties, including one speaking on behalf of the European Community and its member States and one speaking on behalf of the Group of 77 and China.

21. At the 3rd meeting, on 22 October, commenting on a proposal to draw up a list of points on which the high-level segment at COP 3 could focus, including one that would throw light on the "way forward", the Executive Secretary sought to distinguish between two types of process that could be carried out after COP 3. The first, which was still controversial, was a process opening up the perspective of negotiations of new commitments under the Convention. The

second, which should not be controversial, was a process that would prepare for the decisions to be taken by the first meeting of the Parties to the protocol or other legal instrument adopted at COP 3. It was the latter post-Kyoto process that the secretariat had in mind in providing for a contingency in the programme budget for 1998-1999.

22. It was noted that there were divergent views on this matter.

23. At the 4th meeting, on 27 October, the Executive Secretary reported that the Convention secretariat and the Government of Japan had succeeded in reaching a mutually acceptable understanding on arrangements for the third session of the Conference of the Parties at Kyoto. He recalled that the question of the legal character of the Conference of the Parties and its secretariat, and the related question of privileges and immunities to be enjoyed by participants in Convention bodies meeting away from the seat of the secretariat, needed to be addressed by the Conference of the Parties in due course.

24. At the same meeting, the representative of Japan expressed his Government's satisfaction that it would now be possible to proceed to conclude final arrangements for the third session of the Conference of the Parties at Kyoto. Japan had hosted a large number of international conferences held under the auspices of the United Nations, and every effort would be made to ensure the success of the Kyoto Conference. His Government and the people of Japan, and in particular the people of Kyoto, were eagerly awaiting the opportunity to welcome participants to the third session of the Conference of the Parties.

2. Conclusions

Third session of the Conference of the Parties

25. At its 4th meeting, on 27 October, the SBI, on the proposal of the Chairman, adopted the following conclusions:

(a) The SBI reiterated its gratitude to the Government and the people of Japan for offering to host the third session of the Conference of the Parties at Kyoto and expressed its appreciation for the interest shown in the Conference by the local authorities and citizens of Kyoto.

(b) The SBI noted the statement made by the Executive Secretary on the understanding reached between the Government of Japan and the Convention secretariat on arrangements for the third session of the Conference of the Parties.

(c) The SBI requested the Executive Secretary to conclude arrangements with the Government of Japan on the basis of that understanding.

Fourth session of the Conference of the Parties

26. At its 4th meeting, on 27 October, the SBI, having considered a proposal by the Chairman (FCCC/SBI/1997/L.10), decided to recommend, for adoption by the Conference of the Parties at its third session, a draft decision on the fourth session of the Conference of the Parties (for the text of the draft decision, see annex I below). This recommended draft decision supersedes that contained in document FCCC/SBI/1997/16, annex V.

VIII. PROPOSED AMENDMENTS TO THE CONVENTION

(Agenda item 8)

1. Proceedings

27. The SBI considered this item at its 2nd and 4th meetings, on 21 and 27 October respectively. It had before it document FCCC/SBI/1997/15. Statements were made by representatives of 14 Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

28. At its 2nd meeting, on 21 October, the SBI, after considering the proposals containing amendments to the Convention, invited the Conference of the Parties at its third session to take into account the views expressed by Parties during its seventh session.

29. At its 4th meeting, on 27 October, the SBI decided to recommend to the Conference of the Parties that the proposed amendments should be taken up in the order in which they had been received by the secretariat.

IX. ADMINISTRATIVE AND FINANCIAL MATTERS

(Agenda item 9)

1. Proceedings

30. The SBI considered this item at its 3rd and 5th meetings, on 22 and 29 October respectively. It had before it the following documents: FCCC/SBI/1997/17/Add.1 and FCCC/CP/1997/1. Statements were made by representatives of three Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

31. At its 5th meeting, on 29 October, the SBI, having considered a proposal by the Chairman (FCCC/SBI/1997/L.11), decided to recommend, for adoption by the Conference of the Parties at

its third session, a draft decision on the financial performance of the Convention in the biennium 1996-1997 and a draft decision on arrangements for administrative support to the Convention secretariat (for the texts of these draft decisions, see annex I below).

X. MECHANISMS FOR CONSULTATION WITH NON-GOVERNMENTAL ORGANIZATIONS
(Agenda item 10)

1. Proceedings

32. The SBI considered this item at its 3rd meeting, on 22 October. It had before it document FCCC/SBI/1997/MISC.7. Statements were made by representatives of five Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

33. At the same meeting, the SBI, on the proposal of its Vice-Chairman, took note of document FCCC/SBI/1997/MISC.7 and, taking account of views expressed at its seventh session, decided to consider this issue at its eighth session. It further requested the secretariat to advise the SBI on the elements in other United Nation procedures which could be relevant to the development of procedures on the participation of non-governmental organizations in the Convention process.

XI. LEGAL MATTERS: IMPLEMENTATION OF THE HEADQUARTERS AGREEMENT
(Agenda item 11)

1. Proceedings

34. The SBI considered this item at its 3rd and 5th meetings, on 21 and 29 October respectively.

2. Conclusions

35. At its 5th meeting, on 29 October, the SBI took note of the entry into force of the Headquarters Agreement on 22 October 1997.

XII. REPORT ON THE SESSION

(Agenda item 12)

36. At its 5th meeting, on 29 October, the SBI approved the draft report on the work of its seventh session, as contained in documents FCCC/SBI/1997/L.6 and FCCC/SBI/1997/CRP.9, and as orally amended. It authorized its Rapporteur, in consultation with the Chairman and with the assistance of the secretariat, to finalize the report as appropriate.

XIII. CLOSURE OF THE SESSION

37. In closing the session, the Chairman noted that this was his last meeting as Chairman of the SBI. He emphasized the importance of the contribution made by the SBI, since its inception, to advance the Convention process, and thanked delegations for their constructive co-operation throughout his term of office.

38. Closing statements were made by the representatives of the United Republic of Tanzania (on behalf of the Group of 77 and China), Luxembourg (on behalf of the European Community and its member States) and the United States of America, in which tribute was paid to the Chairman for the part he had played in guiding the work of the SBI.

39. The Executive Secretary made a statement conveying the sincere appreciation of the secretariat to both the Chairman of the SBI and the Chairman of the SBSTA for the leadership they had shown, individually and jointly, in establishing constructive methods of work in the two subsidiary bodies.

Annex I

**Draft decisions recommended by the Subsidiary Body for Implementation for adoption
by the Conference of the Parties at its third session**

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1. Decision --/CP.3

Communications from Parties included in Annex I to the Convention

The Conference of the Parties,

Recalling the relevant provisions of the United Nations Framework Convention on Climate Change, its decision 2/CP.1 on review of first communications from the Parties included in Annex I to the Convention, decision 3/CP.1 on preparation and submission of national communications from the Parties included in Annex I to the Convention, decision 4/CP.1 on methodological issues and decision 9/CP.2 on the guidelines, schedule and process for consideration of communications from Parties included in Annex I to the Convention,

Having considered the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice and those of the Subsidiary Body for Implementation,

1. *Calls upon* the Parties included in Annex I to the Convention (Annex I Parties), when submitting annually national greenhouse gas inventories, to follow the relevant parts of the revised UNFCCC guidelines for the preparation of national communications by Annex I Parties, as well as the relevant conclusions of the fourth session of the Subsidiary Body for Scientific and Technological Advice;

2. *Requests* the Convention secretariat:

(a) To prepare a full compilation and synthesis of second national communications from Annex I Parties for consideration at its fourth session;

(b) To collect, process and publish, on a regular basis, national greenhouse gas inventories submitted annually by Annex I Parties in accordance with decision 9/CP.2. In those years when a report of the compilation and synthesis of national communications is prepared inventory data should be part of that report. Publication of inventory data may be accompanied by relevant documentation prepared by the secretariat, for example, on evaluating compliance with the Intergovernmental Panel on Climate Change guidelines or addressing methodological or other issues related to reporting greenhouse gas emissions. It may also include or refer to relevant data from authoritative sources;

3. *Decides* that:

(a) In-depth reviews of second national communications from Annex I Parties should, as a general rule, include visits of review teams co-ordinated by the secretariat, based on the schedule of these reviews and on a visit programme agreed between the host countries and the secretariat. Parties concerned are urged to submit their comments on the draft in-depth review

reports produced by the review teams, if possible not later than eight weeks following receipt of the drafts:

(b) Executive summaries of national communications will be published in their original language as official UNFCCC documents, and also translated into the other official languages of the United Nations if they are less than 15 pages long in standard format. Full texts of the in-depth review reports will be published as official UNFCCC documents and translated into the other official languages of the United Nations.

2. Decision --/CP.3

Review of the financial mechanism

The Conference of the Parties,

1. *Takes note* of the review process undertaken by the Subsidiary Body for Implementation in accordance with decision 11/CP.2;
2. *Decides* to continue the review process through the Subsidiary Body for Implementation, in accordance with the criteria established in the guidelines adopted by the Subsidiary Body for Implementation at its fifth session;
3. *Reaffirms* its decision 9/CP.1;
4. *Requests* the secretariat to report to the Subsidiary Body for Implementation in accordance with paragraph 2 of this decision.

3. Decision --/CP.3

Annex to the Memorandum of Understanding on the determination of funding necessary and available for the implementation of the Convention

The Conference of the Parties

1. *Takes note* of the approval by the Council of the Global Environment Facility of the annex to the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility;
2. *Decides* to approve the annex to the Memorandum of Understanding, thereby bringing it into force.

4. Decision ..JCP.3

Fourth session of the Conference of the Parties

The Conference of the Parties,

Recalling Article 7.4 of the United Nations Framework Convention on Climate Change,

Noting that no offer to host the fourth session of the Conference of the Parties has been received,

1. *Decides* that the fourth session of the Conference of the Parties shall be held in Bonn, Germany, in November 1998;
2. *Requests* the Executive Secretary to initiate the preparations for the fourth session and make all necessary arrangements.

5. Decision ... /CP.3

Financial performance of the Convention in the biennium 1996-1997

The Conference of the Parties,

Recalling its decision 16/CP.2, paragraph 14, whereby it requested the Executive Secretary to submit to the Conference of the Parties a further report on financial performance for the biennium 1996-1997, and the financial rules for the Conference of the Parties,

1. *Takes note* of the information provided in documents FCCC/SBI/1997/18 and FCCC/SBI/1997/INF.7;
2. *Approves* the creation of a new trust fund for the special annual contribution of DM 3.5 million from the Government of Germany to finance events in Germany, made in accordance with the bilateral arrangements between the Government of Germany and the Convention secretariat, and *requests* the Executive Secretary to request the Secretary-General of the United Nations to establish the new trust fund, to be managed by the Executive Secretary;
3. *Urges* Parties that have still not paid their contributions to the core budget for 1996 and/or 1997 to do so without delay;
4. *Requests* the Executive Secretary to submit to the Conference of the Parties at its fourth session, through the Subsidiary Body for Implementation, as appropriate, a final report on financial performance in the biennium 1996-1997, including audited financial statements, and an initial report on financial performance in 1998;
5. *Approves* transfers between the main appropriation lines to cover over-expenditures, for the Policy-making organs programme and the Implementation and planning programme, in excess of the 15 per cent transfer within each of the main appropriation lines that the Executive Secretary is at present authorized to make (see decision 17/CP.1, para. 5).

6. Decision .../CP.3

Arrangements for administrative support to the Convention secretariat

The Conference of the Parties,

Recalling the arrangements proposed by the Secretary-General of the United Nations for administrative support to the Convention secretariat (FCCC/CP/1995/5/Add.4), provisionally accepted by the Conference of the Parties at its first session in its decision 14/CP.1,

1. *Takes note* of the information contained in document FCCC/SBI/1997/INF.2;
2. *Requests* the Executive Secretary to continue his discussions with the United Nations regarding administrative arrangements for the Convention, and to inform the Conference of the Parties, through the Subsidiary Body for Implementation, as appropriate, of any significant developments.

Annex II

Documents before the Subsidiary Body for Implementation at its seventh session

Documents prepared for the session

FCCC/SBI/1997/17	Provisional agenda and annotations.
FCCC/SBI/1997/17/Add.1	Provisional agenda and annotations. Addendum. Note by the Executive Secretary.
FCCC/SBI/1997/18	Financial performance of UNFCCC: Contributions and expenditures in 1996-1997.
FCCC/SBI/1997/19	Communications from Parties included in Annex I to the Convention: First compilation and synthesis of second communications.
FCCC/SBI/1997/19/Add.1	Communications from Parties included in Annex I to the Convention: First compilation and synthesis of second communications. Addendum. Tables of inventories of anthropogenic emissions and removals and projections up to the year 2020.
FCCC/SBI/1997/20	Experience with the review of first national communications from Annex I Parties.
FCCC/SBI/1997/INF.3	Communications from Parties not included in Annex I to the Convention. Progress Report.
FCCC/SBI/1997/INF.4	Communications from Parties included in Annex I to the Convention. Updated information on greenhouse gas emissions and projections.
FCCC/SBI/1997/INF.6	Status report on the review of first national communications of Annex I Parties and the submission of second national communications.
FCCC/SBI/1997/INF.7	Financial performance of UNFCCC: Contributions and expenditures in 1996-1997. Supplementary tables.
FCCC/SBI/1997/MISC.7	Mechanisms for consultation with non-governmental organizations (NGOs).

FCCC/SBI/1997/MISC.8 Communications from Parties not included in Annex I to the Convention: Views of Parties on a process for considering non-Annex I communications: Update.

FCCC/SBI/1997/MISC.9 Financial mechanism: Review process referred to in decision 9/CP.1. Compilation of submissions by Parties.

Other documents for the session

FCCC/SBI/1997/16 Report of the Subsidiary Body for Implementation on the work of its sixth session, Bonn 28 July - 5 August 1997.

FCCC/SBI/1997/8 Financial and technical cooperation: Financial mechanism: Review process referred to in decision 9/CP.1. Synthesis report.

FCCC/SBI/1997/13 Communications from Parties not included in Annex I to the Convention. Information on the submission of initial national communications.

FCCC/SBI/1997/14 Mechanisms for consultations with non-governmental organizations (NGOs). Note by the secretariat.

FCCC/SBI/1997/14/Add.1 Mechanisms for consultations with non-governmental organizations. Addendum. The participation of NGOs in the Convention process. Note by the Executive Secretary.

FCCC/SBI/1997/15 Arrangements for intergovernmental meetings. Amendments to the Convention or its Annexes. Letters from the Islamic Republic of Pakistan, the Azerbaijan Republic, the Netherlands (on behalf of the European Community and its Member States) and Kuwait proposing amendments to the Convention or its Annexes. Note by the secretariat.

FCCC/SBI/1997/6 Report of the Subsidiary Body for Implementation on the work of its fifth session, Bonn, 28 February - 5 March 1997.

FCCC/SBI/1997/INF.2 Administrative and financial matters. Review of Administrative Arrangements. Note by the secretariat.

FCCC/SBI/1997/MISC.3	Financial mechanism: Review process referred to in decision 9/CP.1. Compilation of submissions. Note by the secretariat.
FCCC/SBI/1997/MISC.3/Add.1	Financial mechanism: Review process referred to in decision 9/CP.1. Additional submission. Addendum. Note by the secretariat.
FCCC/SB/1997/6	Communications from Parties included in Annex I to the Convention: Inventory and projection data.
FCCC/CP/1997/MISC.1	Financial Mechanism: Report of the GEF to the Conference of the Parties. Note by the secretariat.
FCCC/CP/1996/15/Add.1	Report of the Conference of the Parties on its second session, held at Geneva from 8 - 19 July 1996. Part two.
FCCC/SBSTA/1997/4	Report of the Subsidiary Body for Scientific and Technological Advice on the work of its sixth session, Bonn, 28 July - 5 August 1997.
FCCC/SBSTA/1997/12	Activities implemented jointly under the pilot phase: Synthesis report on activities implemented jointly.
FCCC/SBSTA/1997/12/Corr.1	Activities implemented jointly under the pilot phase: Synthesis report on activities implemented jointly: Corrigendum 1.
FCCC/SBSTA/1997/12/Corr.2	Activities implemented jointly under the pilot phase: Synthesis report on activities implemented jointly: Corrigendum 1.
FCCC/SBSTA/1997/12/Add.1	Activities implemented jointly under the pilot phase: Synthesis report on activities implemented jointly. Addendum.
FCCC/SBSTA/1997/13	Second communications from Parties included in Annex I to the Convention. Activities of Parties included in Annex II related to transfer of technology.
FCCC/SBSTA/1997/INF.3	Activities implemented jointly under the Pilot Phase.
FCCC/SBSTA/1997/INF.5	Development and transfer of technology: Proposal from a Party. Draft decision regarding the transfer of technology.

Appendix³

**Co-chairs' draft compilation on the process for consideration of communications
from Parties not included in Annex I to the Convention**

[The Conference of the Parties,

Recalling Articles [4.1, 7.2, 9.2, 10.2,] 12.1, 12.5, 12.7 of the United Nations Framework Convention on Climate Change,

Recalling also its decisions 4/CP.1, 7/CP.1, 3/CP.2, 8/CP.1 and 10/CP.2,

Noting that each developing country Party shall make its initial communication 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 and that Parties that are least developed may make their submission at their discretion,

Noting the differentiated timetable for the submission of the initial national communications from Parties not included in Annex I [because of the different timing of the provision of funding from the interim financial mechanism;] [and, consequently, the need for flexibility in its consideration of these communications,]

1. *Decides* that the information contained in the initial communications of Parties not included in Annex I will be considered in a facilitative, non-confrontational, open and transparent manner to ensure that the COP has accurate, consistent and relevant information at its disposal to assist it in carrying out its responsibilities;

[2. *Decides* that the process of consideration shall:

(a) Assist the secretariat's determination of the [informational, technical and financial] needs of non-Annex I Parties [for the preparation of their national communications in accordance with Article 8.2(c).] [related to implementation of commitments; and in particular those associated with proposed projects and response measures under Article 4.];

(b) Seek to enhance the comparability of and focus on non-Annex I Party national communications;

(c) Provide a technical assessment of progress in implementation of the Convention;
and

³ Available in English only.

(d) Assess quantitative and qualitative information for consistency with applicable guidelines adopted by Parties;]

[3. *Decides* that each national communication submitted by a non-Annex I Party should be subject to an [in-depth] [technical] [assessment] [review] within one year of receipt by the secretariat; such assessment should be carried out by expert teams, under the authority of the Subsidiary Body for Implementation;

(a) That the expert teams should conduct their work through regional workshops to provide for expert discussion of information contained in national communications, and through voluntary, in-country visits where helpful;

(b) That each expert team should produce a report on each [assessment] [review], written in [an objective] [non-confrontational] manner, and submitted to the SBI;]

Decides that the initial communications from non-Annex I Parties shall be considered on an annual or biennial basis;]

4. *Requests* the secretariat:

(a) To facilitate the provision of assistance to non-Annex I Parties in the preparation of national communications, in accordance with Article 8.2(c);

(b) To compile and synthesize the information contained in national communications from non-Annex I Parties [annually] for consideration by the SBI; [in accordance with Article 10.2(a)];

(c) To co-ordinate and facilitate the review/consideration of national communications from Parties not included in Annex I, [including the organization of in-depth reviews] [and regional workshops];

(d) [To select, under the guidance of the Chairs of the subsidiary bodies, members of the expert teams from names nominated by Parties and intergovernmental organizations to assist in the review/consideration;]

(e) [To arrange and host regional workshops to provide for expert [discussion] [review] of information contained in national communications;]

(f) [To note instances where in-country expert visits would be beneficial to promote greater understanding of a Party's specific national circumstances, inventory data or efforts to respond to climate change;]

(g) [To arrange, upon request by a Party, for voluntary, in-country expert visits for individual consideration of national communications;]

(h) [To make available, with the permission of the relevant Party, the national communication and the report of the expert's review to the Council of the Global Environmental Facility, with the request that they take particular note of this information in their consideration of project proposals from the relevant Party;]

(i) [To compile and make available to Parties, a compendium of projects and related information submitted by Parties not included in Annex I in accordance with Article 12.4;]

(j) [To prepare a report on the application of guidelines for the preparation of initial communications from Parties not included in Annex I with a view to further enhancing the accuracy, completeness, comparability and focus on national communications;]

5. *Requests* the Subsidiary Body on Implementation to consider the information contained in national communications:

[(a) To assist the COP in assessing the overall aggregated effect of the steps taken by the Parties, in accordance with Article 10.2; and]

[(b) To provide appropriate guidance to the Global Environment Facility;]

6. *Requests* the Subsidiary Body for Scientific and Technological Advice:

[(a) To further refine the guidelines for the preparation of the national communications from Parties not included in Annex I to the Convention; and]

[(b) To prepare scientific assessments on the effects of measures taken in the implementation of the Convention, in accordance with Article 9.2(b);]

7. *Invites* Parties and intergovernmental organizations to nominate experts to assist in the consideration of national communications;]

8. *Urges* Parties not included in Annex I to the Convention to submit their national communications at their earliest convenience;]

9. *Requests* non-Annex I Parties to submit to the secretariat national inventory data on a [regular] basis.]]



SUBSIDIARY BODY FOR IMPLEMENTATION

Seventh session

Bonn, 20-29 October 1997

Agenda item 3 (b)

**COMMUNICATIONS FROM PARTIES NOT INCLUDED IN ANNEX I TO THE
CONVENTION**

**Consideration of initial national communications from Parties
not included in Annex I to the Convention**

Proposal by the Vice-Chairman

The Subsidiary Body for Implementation

1. *Decides* to continue its deliberations on a process for considering initial national communications by non-Annex I Parties with a view to recommending a decision to the Conference of the Parties at its fourth session;

2. *Requests* the secretariat:

(a) To organize a workshop on a process for considering initial national communications from Parties not included in Annex I to the Convention, to be held prior to the eighth session of the SBI, with the aim of assisting deliberations on the matter in the light of submissions of those national communications received by the secretariat by that time;

(b) To include, in its regular report to the SBI on the activities of the secretariat to facilitate the provision of financial and technical support to non-Annex I Parties for the preparation of national communications, its observations on the national communications submitted by non-Annex I Parties by 30 March 1998; and

(c) To make available a compilation of comments by Parties on the Co-chairs' draft compilation (contained in the appendix hereto) for further consideration at the workshop and by the SBI at its eighth session. Parties are invited to submit these comments to the secretariat prior to 21 March 1998.

APPENDIX ¹

Agenda Item 3(b) of the SBI at its seventh session

Co-chairs draft compilation on the process for consideration of communications from Parties not included in Annex I to the Convention

[The Conference of the Parties,

Recalling Articles [4.1, 7.2, 9.2, 10.2,] 12.1, 12.5, 12.7 of the United Nations Framework Convention on Climate Change,

Recalling also its decisions 4/CP.1, 7/CP.1, 3/CP.2, 8/CP.1 and 10/CP.2,

Noting that each developing country Party shall make its initial communication 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 and that Parties that are least developed may make their submission at their discretion,

Noting the differentiated timetable for the submission of the initial national communications from Parties not included in Annex I [because of the different timing of the provision of funding from the interim financial mechanism;] [and, consequently, the need for flexibility in its consideration of these communications,]

1. *Decides* that the information contained in the initial communications of Parties not included in Annex I will be considered in a facilitative, non-confrontational, open and transparent manner to ensure that the COP has accurate, consistent and relevant information at its disposal to assist it in carrying out its responsibilities;

[2. *Decides* that the process of consideration shall:

(a) Assist the secretariat's determination of the [informational, technical and financial] needs of non-Annex I Parties [for the preparation of their national communications in accordance with Article 8.2(c).] [related to implementation of commitments; and in particular those associated with proposed projects and response measures under Article 4.];

(b) Seek to enhance the comparability of and focus on non-Annex I Party national communications;

1 . Available in English only.

(c) Provide a technical assessment of progress in implementation of the Convention;
and

(d) Assess quantitative and qualitative information for consistency with applicable guidelines adopted by Parties;]

[3. [*Decides* that each national communication submitted by a non-Annex I Party should be subject to an [in-depth] [technical] [assessment] [review] within one year of receipt by the secretariat; such assessment should be carried out by expert teams, under the authority of the Subsidiary Body for Implementation;

(a) That the expert teams should conduct their work through regional workshops to provide for expert discussion of information contained in national communications, and through voluntary, in-country visits where helpful;

(b) That each expert team should produce a report on each [assessment] [review], written in [an objective] [non-confrontational] manner, and submitted to the SBI;]

[*Decides* that the initial communications from non-Annex I Parties shall be considered on an annual or biennial basis;]

4. *Requests* the secretariat:

(a) To facilitate the provision of assistance to non-Annex I Parties in the preparation of national communications, in accordance with Article 8.2(c);

(b) To compile and synthesize the information contained in national communications from non-Annex I Parties [annually] for consideration by the SBI; [in accordance with Article 10.2(a)];

(c) To co-ordinate and facilitate the review/consideration of national communications from Parties not included in Annex I, [including the organization of in-depth reviews] [and regional workshops];

(d) To select, under the guidance of the Chairs of the subsidiary bodies, members of the expert teams from names nominated by Parties and intergovernmental organizations to assist in the review/consideration;]

(e) To arrange and host regional workshops to provide for expert [discussion] [review] of information contained in national communications;]

(f) To note instances where in-country expert visits would be beneficial to promote greater understanding of a Party's specific national circumstances, inventory data or efforts to respond to climate change;]

(g) To arrange, upon request by a Party, for voluntary, in-country expert visits for individual consideration of national communications;]

(h) To make available, with the permission of the relevant Party, the national communication and the report of the expert's review to the Council of the Global Environmental Facility, with the request that they take particular note of this information in their consideration of project proposals from the relevant Party;]

(i) To compile and make available to Parties, a compendium of projects and related information submitted by Parties not included in Annex I in accordance with Article 12.4;]

(j) To prepare a report on the application of guidelines for the preparation of initial communications from Parties not included in Annex I with a view to further enhancing the accuracy, completeness, comparability and focus on national communications;]

5. *Requests* the Subsidiary Body for Implementation to consider the information contained in national communications:

[(a) To assist the COP in assessing the overall aggregated effect of the steps taken by the Parties, in accordance with Article 10.2; and]

[(b) To provide appropriate guidance to the Global Environment Facility;]]

[6. *Requests* the Subsidiary Body for Scientific and Technological Advice:

[(a) To further refine the guidelines for the preparation of the national communications from Parties not included in Annex I to the Convention; and]

[(b) To prepare scientific assessments on the effects of measures taken in the implementation of the Convention, in accordance with Article 9.2(b);]

[7. *Invites* Parties and intergovernmental organizations to nominate experts to assist in the consideration of national communications;]

[8. *Urges* Parties not included in Annex I to the Convention to submit their national communications at their earliest convenience;]

[9. *Requests* non-Annex I Parties to submit to the secretariat national inventory data on a [regular] basis.]]

KEY CANADIAN INTERVENTIONS

AGBM 8
October 29, 1997
Bonn, Germany

Canadian Intervention on the EU Bubble-EOBM

Mr. Chairman

We thank the EU for having submitted further information on its bubble, as many in this forum have requested before. But Canada continues to be concerned about the implications of accepting the concept of the EU Bubble in the Kyoto Agreement.

In Kyoto, we are seeking the conclusion of negotiation of quantified, legally-binding commitments. We remain unconvinced that, given these new legally binding obligations, an EU Bubble will be equitable for Canada or for others outside the Bubble.

The EU Bubble confers benefits—even a windfall on some EU countries, that will not be available to other Parties.

Mr. Chairman, beyond these broader reservations these remain legal questions unanswered by the EU proposed text.

We are of the view that the EU draft text provides for an inconsistent legal treatment of the EU, depending on whether it is in compliance or not. The EU is treated as indivisible in cases of compliance and divisible in cases of non-compliance. This raises a number of issues with respect to competency—who is responsible and under what circumstances. For example: If the EU Bubble succeeds in meeting its target, all 15 member States would be considered to be in compliance with the Protocol, regardless of whether they have reached their individual targets. In other words, in case of success of the Bubble, member States are to be considered as an indivisible part of the Bubble, sharing its success.

In case of failure, only the member States having individually failed to meet their specific target could be found responsible for the failure. In other words, in case of failure, member States would then have to be considered as independent elements of the Bubble, not sharing the failure.

In our view, the EU should not be allowed to have it both ways, as they suggest in their proposal.

We believe that each member of the EU should have a clear-cut responsibility which is set out in Kyoto. Each country should be held accountable for individual targets and timetables. Further, Mr. Chairman, the EU text does not address the circumstance of expansion of the group over time. As we are all well aware, the EU today may not be the EU next year, or the year after that.

This raises questions of what will be the implications for the level of the target and who is responsible for what part.

Conclusions

Mr. Chairman, Canada cannot accept the inclusion of an EU Bubble in this text, until we get some clear answers to these questions and some accommodation of the equity concerns.

AGBM 8
October 27, 1997
Bonn, Germany

CANADIAN INTERVENTION ON QELROS

Article 6 Joint Implementation

- Canada considers this Article important to the Agreement as a whole.
- Over the past week, we have had occasion to repeat our view that joint implementation can provide substantial benefits for both recipient, and investing countries.
- Some of the examples of these benefits, which are also noted in the Synthesis Report prepared by the Secretariat, are new investment flows, technology transfer and furthering the development priorities of the recipient countries.
- Canada believes there are two critical elements which need to be included in Article 6.
 - (1) First, Canada believes that it will be necessary that the Kyoto Agreement include the recognition that actions taken to reduce or sequester emissions through international projects should be credited towards our post 2000 commitments. In that respect, Canada is also willing to discuss the potential for sharing credits between investing and recipient countries.
 - (2) Second, Article 6 should not limit activities under this Article after January 1, 2000 to those in Annex 1 and those taking on commitments under Article 10. The voluntary participation of all Parties is central during the AIJ pilot phase as well as after, under joint implementation. The text, as drafted, does not meet our concerns in this regard.

We are prepared, however, to explore alternative ways of incorporating crediting for projects in developing countries including through banking in any interim period after January 2000.

- In conclusion, we will have some more specific drafting suggestions which we will make later.
- As we mentioned in our emissions trading intervention, we support that specific initiatives related to JI could be developed further between the conclusion of Kyoto and the entry into force of the Agreement in a "prompt start".

AGBM 8

October 30, 1997

Bonn, Germany

CANADIAN INTERVENTION ON QELROS

Article 3: Differentiation

On Article 3 para 2.

Canada supports the inclusion of para 2 which accommodates a differentiated approach to QELROs. Canada believes that, as part of an overall package, differentiated QELROs may be an effective way for taking into account national circumstances and thereby ensuring an effective conclusion at Kyoto which also demonstrates a serious intent by Annex 1 Parties to take on binding targets. Canada could take on binding targets with our national circumstances reflected.

INTERVENTION ON ENTRY INTO FORCE

THANK YOU MR. CHAIRMAN,

CANADA STRONGLY SUPPORT THE CONCEPT OF A DOUBLE TRIGGER.

HOWEVER, WITH RESPECT TO THE NUMBER OF GIGATONNES REQUIRED BEFORE THE KYOTO PROTOCOL ENTERS IN FORCE WE ARE VERY CONCERNED WITH THE CURRENT TEXT, WHICH PROVIDES FOR THREE GIGATONNES TO BE THE SECOND TRIGGER.

WE ARE OF THE VIEW THAT THE IMPORTANCE OF THE KYOTO PROTOCOL REQUIRES AN HIGHER THRESHOLD. THE PARTIES TO THIS NEGOTIATION SHOULD ESTABLISH A THRESHOLD THAT FULLY REFLECTS THE GLOBAL NATURE OF CLIMATE CHANGE. IN OUR VIEW THIS SHOULD BE A FIVE GIGATONNE THRESHOLD.

THEREFORE, MR. CHAIRMAN, CANADA IS CONVINCED THAT THE OPTION OF FIVE GIGATONNES SHOULD BE ADDED TO THE OPTION OF THREE GIGATONNES IN PARAGRAPH 1.

THUS THE REVISED TEXT WOULD READ:

"THIS PROTOCOL SHALL ENTER INTO FORCE ON THE NINETIETH DAY AFTER THE DATE OF DEPOSIT OF THE FIFTIETH INSTRUMENT OF RATIFICATION, ACCEPTANCE, APPROVAL OR ACCESSION, PROVIDED THAT THE TOTAL CARBON DIOXIDE EMISSIONS FOR 1990 OF THE PARTIES WHICH HAVE DEPOSITED THEIR INSTRUMENT OF RATIFICATION, ACCEPTANCE, APPROVAL OR ACCESSION, AS INDICATED IN THEIR MOST RECENT NATIONAL COMMUNICATION SUBMITTED UNDER ARTICLE 12 OF THE CONVENTION, BY THAT TIME REPRESENT NO LESS THAT ~~[THREE]~~~~[FIVE]~~ GIGATONNES OF CARBON."

THANK YOU MR. CHAIRMAN.

UNITED NATIONS FRAMEWORK CONVENTION on CLIMATE CHANGE
INTERVENTION

ISSUE: Amendments to the UNFCCC or its Annexes
(Doc. FCCC/SBI/1997/15) (Item 8 of SBI agenda)

Deletion of Turkey from Annexes I and II of the UNFCCC

THANK YOU MR. CHAIRMAN,

CANADA STRONGLY SUPPORTS THE OBLIGATION OF THE CONFERENCE OF THE PARTIES TO REVIEW ANNEXES I AND II UNDER ARTICLE 4(2)(F) OF THE FRAMEWORK CONVENTION.

WITH RESPECT TO THE DELETION OF TURKEY FROM ANNEXES I AND II OF THE FRAMEWORK CONVENTION, WE ARE TAKING NOTE OF TURKEY'S WISH FOR THE MOMENT. WE WOULD SUGGEST TO AWAIT THE CONCLUSION OF THE COMPREHENSIVE REVIEW UNDER ARTICLE 4(2)(F) BEFORE MAKING DETERMINATION OF WHETHER TURKEY SHOULD BE IN OR OUT OF ANNEXES I AND II . THIS WOULD ENSURE THAT THE REVIEW WOULD TAKE PLACE WITH FACTUAL INFORMATION AND CONCRETE EXAMPLES OF ISSUES TO BE ADDRESSED. FURTHERMORE, CANADA WOULD PREFER NOT SETTING ANY PRECEDENT AT THIS TIME THAT COULD AFFECT THE REVIEW.

THANK YOU MR. CHAIRMAN.

Drafted: Stéphane Roberge/CANDEL October 20, 1997

INTERVENTION ON EARLY WARNING SYSTEM

WE BELIEVE AN EFFECTIVE COMPLIANCE REGIME IS REQUIRED IN THE INSTRUMENT TO ENSURE A LEVEL PLAYING FIELD FOR ALL PARTIES.

AS SUCH, WE SEE MUCH MERIT IN ENSURING THAT THE PROTOCOL CONTAINS A NUMBER OF BASIC BUILDING BLOCKS. THE TEXT AS DRAFTED, WE BELIEVE, LEAVES TOO MUCH TO BE DETERMINED LATER. SINCE THE AGBM HAS NOT YET HAD A COMPLETE DISCUSSION OF POSSIBLE COMPLIANCE REGIMES, WE SUGGEST THAT PROVISION BE MADE FIRST FOR SOME INFORMAL DIALOGUE ON POSSIBLE ALTERNATIVES, POSSIBLY THROUGH A WORKING GROUP.

NONETHELESS WE WOULD LIKE TO SHARE SOME PRELIMINARY THOUGHTS ON OUR VIEW OF ESSENTIAL BUILDING BLOCKS. WE NOTE THAT THE CHAIR'S TEXT HAS ALREADY ACCOMMODATED THE MOST BASIC OF THESE, WHICH IS A TRANSPARENCY OBLIGATION TO REPORT INFORMATION ON IMPLEMENTATION COMBINED WITH A REVIEW. BUT WE ARE CONCERNED THAT THE TEXT, AS CURRENTLY DRAFTED, ENVISAGES NO INTERMEDIARY STEP BETWEEN THE NOTION OF A REVIEW AND A DETERMINATION OF NON-COMPLIANCE WHICH WOULD OCCUR AT THE END OF A BUDGET PERIOD.

IT DOES NOT ACCOMMODATE A SITUATION WHERE, PERHAPS AS A RESULT OF UNFORESEEN CIRCUMSTANCES, A PARTY MAY RISK GOING INTO NON-COMPLIANCE (AND REQUIRES ADDITIONAL AGREED MEASURES TO REMAIN IN COMPLIANCE). WE BELIEVE THAT THIS MIGHT BE ACCOMMODATED THROUGH THE ELABORATION OF A TYPE OF WARNING SYSTEM. WHILE WE WOULD BE PREPARED TO ELABORATE OUR IDEAS FURTHER, IN A SMALL WORKING GROUP, THE BASIC CONCEPT IS THAT A MECHANISM BASED ON APPROPRIATE PACKAGE OF MEASURES COULD BE TRIGGERED BY A NUMBER OF WAYS. ON THE BASIS OF CORROBORATING DOCUMENTATION, A REVIEW WOULD BE LAUNCHED AND FINDINGS PROVIDED BY AN APPROPRIATE BODY - POSSIBLY AN IMPLEMENTATION COMMITTEE.

THE BODY WOULD, IN COOPERATION WITH THE PARTY OR PARTIES CONCERNED, AGREE ON AN APPROPRIATE PACKAGE OF MEASURES. IF ACCEPTED BY THE PARTY OR PARTIES CONCERNED AND THE BODY, THE PARTY WOULD BE ACCOUNTABLE FOR THE IMPLEMENTATION PLAN BY REPORTING PROGRESS TO THE COP/MOP. THE PROGRESS REGISTERED IN IMPLEMENTING THE AGREED PACKAGE OF MEASURES WOULD BE TAKEN INTO ACCOUNT IN THE EVENT OF NON-COMPLIANCE PRIOR TO THE IMPOSITION OF PENALTIES.

THEREFORE, WE WOULD LIKE TO TABLED A PARAGRAPH THAT PROVIDES FOR THE ESSENTIAL BUILDING BLOCKS OF SUCH A EARLY WARNING SYSTEM. HOWEVER, FURTHER DETAILS WOULD HAVE TO BE DEVELOPED POST-KYOTO .

DRAFT

EARLY WARNING SYSTEM PAPER SUBMITTED BY CANADA.

Canada's general position is that compliance with international agreements is extremely important. Canada supports multilateral rules-based approaches to international law and sees a compliance regime as a means to strengthen this approach.

In the Kyoto Legal Instrument, Canada would like to see an Early Warning System incorporated. Canada strongly believes that such system would be beneficial to all Parties in securing implementation of their global and respective obligations. Canada's firm belief in the contributions of such system is based on our expectations for the main obligations cover by the Instrument. In our view these obligations are likely to require a substantial number of actions by Parties having ratified the Instrument. Furthermore, these actions would have to take place within a set compliance period, that could range from a year to a number of years. Compliance under the Instrument is, obviously, not a question of a single actions to do or to prevent that the Parties are considering to undertake in the Instrument. In addition, unforeseen circumstances or events, like emergency situations requiring short-term higher reliance on carbon-dependent power generation, could have a significant impacts on a Party's ability to meet its obligations. A system should be available in order for such impacts to be quickly identified and thus ensuring that a Party is able to re-build its ability to stay in compliance. In conclusion, a Early Warning System would provide Parties with greater flexibility in working toward complete compliance with their obligations.

An Early Warning System could be defined as the characteristic of a compliance regime that allows parties to conduct review of implementation at an early stage, instead of waiting the end of the compliance period when it might be too late to do anything other than to take note non-compliance and possibly react such as through the use of penalties. Of course, this would not preclude the usual review of implementation at the end of the compliance period. However, the possible outcome resulting from a review of implementation conducted under the Early Warning System would have to be restricted to incentives and avoid penalties. It would not be appropriate to allow any penalties to be imposed on a Party until firm non-compliance is determined. On the other hand, the earlier the incentives are apply, the more likely they could prove to be helpful to Parties facing difficulty in their implementation. It thus provides opportunity to increase the contributions and roles of incentives under a compliance regime.

Canada interprets Article 8(3) of the Consolidated negotiating text by Chairman of AGBM (FCCC/AGBM/1997/7) as referring to an Early Warning System. This Article provides that the review process conducted by expert review teams "[...] shall assess all aspects of a Party's implementation of this Protocol, including the likelihood that a Party will achieve its commitments [...]" (our underline). Furthermore, this is reinforced by Article 8(4) which states that the report prepare by the expert review teams shall cover the assessment of the implementation of a Party's commitments and identify "[...] any potential problems in the fulfilment of commitments." However, Canada believes that further details should be included in the Kyoto Legal Instrument in order to provide Parties with access to the Early Warning System as soon as possible.

SBI 7
October 21, 1997
Bonn, Germany

CANADIAN INTERVENTION ON JOINT IMPLEMENTATION

- Thank you for documentation on this issue and in particular the Synthesis Report and information on methodologies.
- The Synthesis illustrates a number of things which I would like to note; others have already spoken on other aspects of these papers.
- The Synthesis illustrates that there has been a lot of progress since we launched the pilot phase at COP1.
- We have made progress on
 - methodologies including the fruitful meetings of experts organized by the Secretariat;
 - progress in gaining experience.
- In particular, the Synthesis recognizes that there are benefits to be gained through these projects.
- Two conclusions in the Synthesis I would like to highlight:
 - all activities contributed to increased technology transfer and capacity building;
 - host countries are gaining financial investment and advancing their own development priorities.
- Nevertheless, progress has been slower than it may have been, as noted by our Chinese colleague. And why is that?
- We too want to see more projects in developing countries.
- In Canada's view, the lack of projects is due in large part to two things:
 - the lack of incentives for the private sector, in particular, to get engaged; and

- the need for further methodological work to ensure transparency and consistency.
- Opportunities exist but they cannot come to fruition without these two things.
- We wait with interest the U.S. draft COP decision which seems to address many of Canada's concerns on this issue, and particularly on credits and methodologies.
- We look forward to discussing this proposal for a draft decision in the contact group.

Thank you

**SBI Seventh Session
October 20-29, 1997**

Agenda Item 3(b): Communications from Parties not included in Annex 1 to the Convention

Canadian Intervention

Thank you Mr. Chairman.

Regarding the document FCCC/SBI/1997/INF.3, Canada welcomes the efforts being made to facilitate financial and technical support to Parties not included in Annex 1 in the preparation of their first national communication.

We would particularly like to note the positive contribution to capacity building, which Canada believes is essential for implementing many aspects of the UNFCCC, not only preparation of national communications. For example, the planned five month certificate Programme on Climate Change Vulnerability and Adaptation Assessment for training specialists will help develop a basis of expertise that can help facilitate technology transfer in these important areas. Capacity building can serve to other aspects of development priorities in developing countries.

Canada would also encourage a more efficient provision of assistance to those Parties, including expeditious financial support by the GEF.

While the differentiated timing of submission of the initial communications by Parties not included in Annex 1 is acknowledged, reporting is a central commitment by developing country Parties, including inventory preparation and programs. Canada would strongly encourage those Parties who have not yet done so to submit their initial report in a timely fashion.

On the process for consideration of initial non-Annex 1 communications, Canada supports the establishment of an in-depth review process for these communications. In our view, this is one way to advance the implementation of developing and developed countries commitments under article 4.1. Canada believes that the review process will be an important element of the recommendations to COP3.

Thank you.

OTHER INFORMATION

Statement by the United States of America
on the Follow-on Process to Kyoto
AGBM Session
22 October 1997

Mr. Chairman: We appreciate very much the time and effort that has gone into producing the draft negotiating text before us, and the extensive consultations which you have conducted in seeking to move the negotiating process forward toward agreement in Kyoto. We are prepared to work with your text in our discussions here in Bonn, recognizing, however, that there is as yet no consensus on the elements of this text, and that it will be necessary to work diligently with all of our colleagues to craft provisions that can gain the broadest possible support. To this end, we anticipate announcing our own proposal for emissions budgets of Annex I countries shortly.

At the same time, Mr. Chairman, we are extremely disappointed that the text you have produced omits a fundamental provision of the proposal we made last January. As you will recall, the United States proposed that we adopt by 2005 binding provisions so that all Parties have quantified greenhouse gas emissions obligations and so that there is a mechanism for automatic application of progressive greenhouse gas emissions obligations to Parties, based on agreed criteria. We made this proposal for a specific article in the protocol in light of the reality that climate change is a global problem that can only be solved by a truly global response, recognizing our common but differentiated responsibilities and respective capabilities.

In our view, this proposal is fully consistent with the Berlin Mandate -- it imposes no new substantive commitments on developing countries now. Instead, it calls for such obligations to be developed following the Third Conference of the Parties.

Mr. Chairman, we believe that the negotiations, which we earnestly hope will culminate in the conclusion of a protocol or another legal instrument in Kyoto in December, will be a critical part of a rolling series of negotiations that will be needed in the coming years to accommodate increased scientific knowledge and understanding of the problems associated with global warming. Our proposed text should be viewed in this light. In our view, the outcome in Kyoto will be unacceptable if we, as concerned nations of the world, fail to set in motion a process which recognizes the very real, global nature of the problem before us.

In paragraph three of the introduction to your revised draft, you indicate that the consolidated negotiating text will be presented to the AGBM for its consideration without prejudice to the earlier negotiating text and the original proposals from Parties contained in the relevant miscellaneous documents.

Accordingly, Mr. Chairman, we urge in the strongest possible terms that an article on this matter, such as the one contained in the U.S. proposal, be reinserted into the text in brackets and forwarded to the Third Conference of the Parties for its full consideration -- and, we expect, adoption -- in Kyoto.

Thank you, Mr. Chairman.

Statement by the Government of Japan
H. E. Ambassador Toshiaki Tanabe
Ambassador for Global Environmental Affairs
at the Eighth Session of the AGBM

1. The negotiations on global warming is beset by divergent views. On QELROs, some countries have made specific proposals, but they have not been accepted. Some other countries are yet to make specific proposals. However, time is not on our side.

All sides should exercise flexibility so that a mutually acceptable agreement can be reached at Kyoto which provides for meaningful, realistic and equitable targets.

2. It is in this light that Japan took the initiative to present a specific proposal. The proposal is intended to be a balanced package to accommodate the divergent views to the extent possible, and to provide a basis for a compromise among all. As such, it is not intended to reflect all of the views of any particular country, given the wide differences that exist. It is hoped, therefore, countries come forward, expeditiously in the spirit of compromise and without upsetting the overall balance, with specific comments or alternative proposals as necessary regarding the main elements of the Japanese compromise proposal. It is only in this way that negotiations can be speeded up.

3. First, I would like to explain our proposal on the quantified emission limitation and reduction objectives (QELROs).

(1) The Government of Japan proposes 5% as a base reduction rate for deciding a target for each Annex I country. The base year is 1990, and the target period is five years from 2008 to 2012. This proposal is a package with the following conditions.

(a) Green house gases covered by this proposal include carbon dioxide, methane, and nitrous oxide.

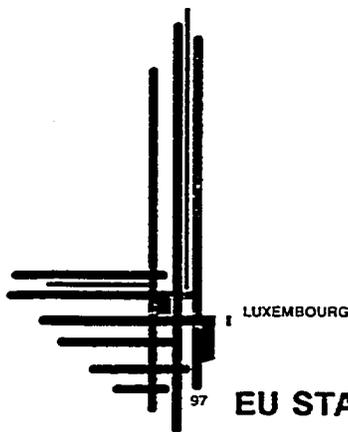
(b) As the quantified target includes a portion prescribed by future technological development and changes of energy situation and industrial structure, etc. which are uncertain factors not foreseen at present, compliance clauses with regard to this portion should have certain flexibility. Formulation of this flexibility has to be stipulated in a protocol or another legal instrument.

(c) The target for an individual country is differentiated by emission per GDP, emission per capita and population growth.

- (d) After the above-mentioned conditions are taken into account, the emissions of any country shall not exceed its emissions in 1990.
 - (2) Banking, borrowing, emissions trading and joint implementation should be adopted under certain conditions.
 - (3) Emissions for the second budget period shall not exceed those for the first budget period. More sophisticated method of differentiation should be applied for the second budget period.
4. Second, let me touch upon our proposal on developing countries.
- (1) Introducing new commitments for developing countries in a protocol or another legal instrument to be adopted at COP3 goes beyond the Berlin Mandate. However, since the volume of CO2 emissions originating in developing countries is projected to exceed that in developed countries by 2010, it is vital that the developing countries should enhance their efforts gradually in the medium to longer term to limit GHG emissions.
 - (2) The Government of Japan proposes that the following solutions should be sought at the Kyoto Conference.
 - (a) The implementation of the existing commitments for developing countries should be advanced through the elaboration of commitments of all Parties including developing countries.
 - (b) More advanced developing countries are encouraged to assume commitments on a voluntary basis.
 - (c) We should agree to start a new process to further discuss commitments by all Parties after Kyoto.
 - (d) With regards to strengthening financial assistance and transfer of technologies, to developing countries, developed countries should assist the efforts of developing countries by enhancing the existing mechanisms, such as GEF (Global Environmental Facilities) and bilateral assistance.
5. For more detailed information, the Government of Japan is holding a briefing session to explain our proposals on Thursday, October 23rd from 18:30 to 20:00. The venue of the session is to be announced shortly. We would like to invite all of you to attend the meeting.
- Thank you.

**STATEMENT BY LUXEMBOURG
ON BEHALF OF THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES**

(Bonn, 20-29 October 1997)



EU STATEMENT FOR THE OPENING SESSION OF AGBM

Mr Chairman,

Luxembourg, on behalf of the European Community and its Member States, would like to thank and congratulate you for the Chairman's negotiating text you have put before us. We will be very happy to support you in taking it as the basis of our work. Of course there are areas where we have concerns or where we want to make improvements. We will prioritise these and work with you and other Parties to achieve consensus.

Two particular areas we will want to focus on are Article 2 on policies and measures, and Articles 12 and 13 on advancing the implementation of Article 4.1 and the associated financial provisions, where we are concerned that the Protocol should encompass the full remit of the Berlin Mandate. We would also note that, whilst we applaud your admirably short preamble and introduction to the Protocol, we remain of the view that an article specifying in quantitative terms the objective of the Convention is necessary to reflect the development in the science since the Convention was adopted. And we remain concerned at the lack of definition on a compliance regime in Article 9. We believe the Protocol needs a strong and effective compliance regime, taking account of the type, degree, and frequency of non-compliance.

Mr Chairman, at the last AGBM, you and other Parties asked us to provide further text to clarify how legally binding targets would operate in the case of Parties choosing to achieve targets jointly, as in the case of the EU bubble. I am pleased to say that when our Ministers met at the Environment Council last week, they agreed draft legal text on this which has now been forwarded to you and circulated to Parties. I will ask the United Kingdom to introduce it shortly.

Let us make no mistake. The success of Kyoto will be determined by the level of real emission reductions we achieve. We believe that - not because, as some have suggested, we see Kyoto as a beauty contest. We believe it because it is only if we set ambitious and achievable targets at Kyoto that Governments will put in place the policies and measures necessary to make this Convention work.

The message to us from the weather extremes during the past months is clear. We face the prospect of environmental disaster. For many small island States in this room, the very future of their country is at stake. In other parts of the world, droughts and floods are threatening the lives of many people.

What we do not see is the political will to respond to this message. We hear a lot about the cost of action. We hear little about the cost of inaction.

Mr Chairman, we have also heard it said that the targets proposed by the European Union are unrealistic. I am pleased to say the European Commission has produced a communication entitled "Climate Change - the EU approach to Kyoto", the presentation of which our Ministers welcomed last week. It demonstrates that our targets for 2005 and 2010 are both technically possible and economically manageable, provided other industrialised countries take comparable action to reduce emissions.

Mr Chairman, against that background our Ministers have reconfirmed their strong view that all industrialised countries should reduce emissions to at least 7½% and 15% below 1990 levels by 2005 and 2010 respectively and commit themselves to legally binding and other policies and measures. In that respect, they very much regret absence or inadequacy of proposals from other Annex I Parties on targets. They will spare no effort at the political level between now and Kyoto to persuade their colleagues to show the political will that the world demands.

DRAFT STATEMENT BY THE UNITED REPUBLIC OF
TANZANIA FOR THE GROUP OF 77 AND CHINA MADE
AT THE THE OPENING OF AGBM8 , 22 OCTOBER
1997

MR. CHAIRMAN, SIR

AS WE COME TO THE END OF THE MANDATE GIVEN
TO US IN BERLIN IN 1995, THE UNITED
REPUBLIC OF TANZANIA WISHES TO RECORD THE
SINCERE APPRECIATION OF THE GROUP OF 77 AND
CHINA FOR THE MANNER IN WHICH YOU HAVE
STEERED OUR PROCEEDINGS. IN SAYING SO, I
AM NOT ENGAGED IN MERE EXCHANGE OF PIOUS
PLATITUDES. FOR THE RESULT OF YOUR WORK IS
HERE BEFORE US. YOU HAVE BEEN ABLE TO
REDUCE A 200 PLUS OAGE COMPILATION OF
PROPOSALS SHROUDED IN A MAZE OF BRACKETS
INTO A 25-PAGE STREAMLINED AND CONSOLIDATED
TEXT OF A PROTOCOL OR ANOTHER LEGAL
INSTRUMENT WHICH PAVES A WAY TOWARDS THE
FULFILMENT OF OUR MANDATE.

TODAY, AS WE BEGIN THE LAST SERIES OF
NEGOTIATING SESSIONS LEADING TO KYOTO, WE
STAND AT A DEFINING MOMENT OF THE PROCESS
WE UNDERTOOK TWO YEARS AGO.

ARE WE, PARTIES TO A CONVENTION SIGNED 5
YEARS AGO, NOW ALL OF US, READY TO ASSUME
OUR DIFFERENTIATED RESPONSIBILITIES FULLY?

TIME AND AGAIN DURING THESE NEGOTIATIONS, THE
GROUP OF 77 AND CHINA HAVE ASSURED YOU, MR.
CHAIRMAN, ON OUR FULL SUPPORT AND

COOPERATION; OF ACTING, AS PRESCRIBED IN THE BERLIN MANDATE, IN "GOOD FAITH". THROUGHOUT THE PROCESS, WE HAVE FULLY PARTICIPATED AND GIVEN OUR POSITIONS: FIRST OF ALL ON OUR RESPONSIBILITIES, ALL OF US AS PARTIES, IN THE CALL OF THE BERLIN MANDATE FOR US, ALL OF US, TO ADVANCE IN THE IMPLEMENTATION OF EXSITING COMMITMENTS UNDER ARTICLE 4.1, BASED ON THE PRINCIPLE OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES AND GIVEN THE THRUST OF THE PROTOCOL, WHICH IS, ALLOW ME TO RECALL, MR. CHAIRMAN, STRENGTHENING THE ADEQUACY OF COMMITMENTS OF ANNEX I PARTIES UNDER ARTICLE 4.2 (A) AND (B) OF THE CONVENTION, THERE ARE TO BE NO NEW COMMITMENTS FOR NON-ANNEX I PARTIES.

WE WAITED FOR THOSE COMMITTED TO TAKE THE LEAD, BY VIRTUE OF THE FOCUS OF THE BERLIN MANDATE. SOME OF THEM, TO THEIR CREDIT, DID SO. OTHERS STAYED BEHIND A PLETHORA OF RHETORIC.

WITHOUT SPECIFIC TARGETS, MR. CHAIRMAN, THEY TALK OF "FLEXIBILITY" FOR WHAT? "DIFFERENTIATION" IN WHAT?

IN THE MEANWHILE, THE GROUP OF 77 AND CHINA PUT ON THE TABLE THEIR CONCERNS, AGAIN UNDER THE PRINCIPLE OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES, THAT IN ADOPTING POLICIES AND MEASURES, THE IMPACTS ON DEVELOPING COUNTRIES BE TAKEN INTO ACCOUNT, AS STATED IN ARTICLES 4.8, 4.9 AND 4.10, AGAIN AS PROVIDED FOR IN THE BERLIN MANDATE. DEVELOPING

COUNTRIES ARE MOST VULNERABLE TO THE ADVERSE IMPACTS OF CLIMATE CHANGE, AND HAVE TO BE READY MEET POSSIBLE IMPACTS TO THEM OF THESE POLICIES AND MEASURES. THAT THESE WOULD ALLOW THEM TO PURSUE THEIR PRIMARY COMMITMENT UNDER THIS CONVENTION, THAT OF SUSTAINABLE DEVELOPMENT. THIS TOO, IS IN THE BERLIN MANDATE.

THE G-77 AND CHINA IDENTIFIED THE STUMBLING BLOCKS TO THEIR ADVANCING IN THEIR DIFFERENTIATED COMMITMENTS UNDER ARTICLE 4.1, AND FOUND THESE TO BE UNFULFILLED COMMITMENTS UNDER ARTICLES 4.3, 4.4, 4.5 AND 4.7, THE ARTICLE DEALING WITH FINANCIAL NEEDS AND RESOURCES AND TRANSFER OF TECHNOLOGY.

MR CHAIRMAN

WE NOW COME TO THE HEART OF THESE NEGOTIATIONS, MR. CHAIRMAN, THE QUANTIFIED EMISSION LIMITATION REDUCTION OBJECTIVES, THE QUELROS. EARLY ON, A GROUP OF COUNTRIES AMONG US, WHICH FELT AND WHICH ARE, THE MOST VULNERABLE TO THE ADVERSE EFFECTS OF CLIMATE CHANGE, THE AOSIS, CAME UP WITH THEIR DRAFT PROTOCOL, TRIGGERING THE DEBATE WHICH LED TO THE BERLIN MANDATE. RECENTLY, ANOTHER PROPOSAL CAME FROM AMONG US, AND AGAIN SHOWED THE WAY TO ACHIEVE QUELROS, BASING ITSELF ON THE PRINCIPLES OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES.

WE WAITED FOR THOSE WHO MUST TAKE THE LEAD TO DO SO. BUT NOW WE WAIT NO MORE.

THE GROUP OF 77 AND CHINA, THE WHOLE GROUP, MR. CHAIRMAN, WOULD LIKE TO TABLE ITS POSITION ON THE CORE ISSUE OF THESE NEGOTIATING PROCESS, THE QELROS. THE POSITION, WE FEEL, IS ACHIEVABLE, BASED ON SCIENTIFIC EVIDENCE, REALISTIC, AND ABOVE ALL, EQUITABLE. THE POSITION REFLECTS THE URGENCY OF THE SITUATION, THE URGENCY FOR ACTION.

(OUR PROPOSAL READS AS FOLLOWS: THE PROPOSAL)

AT THE START OF AGBM 7 HERE IN BONN LAST JULY, WE COMPARED THE PROCESS WE ARE ENGAGED IN TO TRAIN JOURNEY. I AM HOWEVER INFORMED THAT THERE IS NO RAIL CROSSING LINKING CONTINENTAL ASIA AND JAPAN. WE ARE THEREFORE IN A SAILING SHIP, THE M.V. KYOTO COMING IN THE SEA OF JAPAN WITH YOU AS HELMSMAN. THE GROUP OF 77 AND CHINA PROMISES TO BE ECONOMIC IN ITS USE OF BRACKETS AND YOU WILL NO DOUBT FIND OUR USE OF ALTERNATIVE LANGUAGE HELPFUL TO SOME OF YOUR TEXT. WE WILL BE GUIDED BY THE NEED TO FULFIL THE BERLIN MANDATE AND THEREFORE BRING M.V. KYOTO TO ANCHOR AT PORT, SAFELY

MR. CHAIRMAN, THE G-77 AND CHINA STAND READY, IN GOOD FAITH, LEAD BY THE GUIDING PRINCIPLES OF THIS CONVENTION, TO START NEGOTIATIONS.

THANK YOU, MR. CHAIRMAN

October 30, 1997

**BUSINESS AND INDUSTRY INTERVENTION
IN RESPONSE TO CHAIRMAN ESTRADA'S QUERY
ON POLICIES AND MEASURES (PAMs)**

Ad-Hoc Group on a Berlin Mandate (AGBM 8) -- 30 October 1997

Thank you, Mr. Chairman and Distinguished Delegates. My name is Clement B. Malin, and I am speaking for the international business and industry groups participating here in the UNFCCC. Yesterday, the Chairman, in his daily briefing for non-governmental organizations, asked business and industry for their views on mandated policies and measures in the protocol or other legal instrument currently under negotiation.

We support national flexibility in the selection, implementation and timing of policies and measures. No single set of policies can fit all Parties. Policies and measures should reflect the varied economic structures, resource bases and energy systems of individual Parties, as well as their economic, social and environmental circumstances and priorities.

We do not support internationally mandated, coordinated, common, or harmonized policies and measures, for example as listed in Annex A or possibly elsewhere in the draft Protocol, because they do not meet the objective of ensuring national flexibility and certainly would not contribute to an effective result.

Allowing latitude for each government to account for its national circumstances in its policies and measures to address climate change is essential, and will become more so as participation in the UNFCCC becomes increasingly global. We will then encounter a growing diversity of national circumstances. National flexibility will be crucial to involvement and implementation by both Annex-I and non-Annex I countries in the long term. National communications provide an opportunity for Parties to share, review and exchange experiences of nationally implemented policies and measures.

Business and industry appreciate this opportunity to provide input into this process, and we thank you for your attention.

STATEMENT BY THE EXECUTIVE SECRETARY

TO SBI-7

Bonn, 20 October 1997

Welcome to the Beethovenhalle, the third of the meeting locations that we will be using this year in Bonn. We hope that you will find the facilities satisfactory and that next year we will be able to provide you with an adequate and predictable meeting location.

The task of the SBI at this session, as is also the case for the SBSTA, is to reach **consensus on decisions to recommend for adoption by COP 3**. It is to be hoped that the temptation to allow discussion to drag out until Kyoto will be avoided. There is too much at stake at Kyoto for energies to be distracted by questions that are less vital. This is not to deny the importance of issues which have their dedicated followers, such as AIJ or the review of the GEF. It is rather to suggest that whatever could be achieved on these questions in December can also be achieved now. The next month will not produce any significant new inputs to decisions.

I am sure that, under the guidance of the two experienced Chairmen of these bodies, it will be possible to achieve the desired results, including joint recommendations of the two bodies when necessary - as was already done at the previous sessions.

The agenda of the SBI is a varied one. I will speak on Wednesday to the question of arrangements for intergovernmental meetings and in particular for COP 3. At this time, I would like to briefly flag a few institutional or administrative matters.

The first point concerns **the need of developing countries for support in preparing their initial national communications and in strengthening related national capacities to address climate change**. I am still not convinced that there is a full realization of the extent of these needs. The observations of the secretariat on this subject, drawn from participation in a number of workshops and seminars on the subject, are contained in one of the documents before you (SBI/1997/INF.3). They point to weaknesses in capacities at the national level and to possible inadequacies in the provision of international support.

You are aware of the efforts of the Convention secretariat to promote a project that will provide timely and pointed support for national communications. In its initial form, proposed some years ago, this project would have been carried out by a consortium led by the secretariat. Advised against this role by the Parties, we turned our energies to promoting a GEF project, to be carried out by UNDP and UNEP. During the Convention meetings last March, we thought that the right formula had been found for the respective contribution of these two implementing agencies. Alas, this proved to be a false Spring and inter-agency discussions on the project have continued through to this Autumn. I was, however, assured personally last Saturday by the Chairman and Chief Executive Officer of the GEF that discussions will be concluded in the next few days and that the project will be under way in the very near future. I am confident that his decisive intervention will produce the long awaited result.

In my view, projects for national communications and related capacity building have as much to do with priming the pump for future investments as do pilot projects to mitigate emissions of greenhouse gases. If they are not properly implemented, the future development of the Convention will be undermined.

There may be occasion for my colleagues and interested delegates to go further into this question, under the appropriate agenda item, and I intend to bring it to the attention of the GEF Council in two weeks time.

The second issue that I would like to flag now is **finance for the core budget of the Convention**. At the last session of the SBI, there was a successful discussion on the programme budget for the next biennium, resulting in a recommendation for adoption by COP 3. At this session, the SBI will consider a report on financial performance. One of the features of this report is information on cash flow. It pains me to say that, as of last Friday, US\$ 3,165,419, equivalent to 23 per cent of contributions for 1996 and 1997, remain outstanding according to our records of receipts. We still await receipts for four of the top 10 contributions to the 1997 budget, amounting to 28.8 per cent of the total due for this year.

We have received some recent indications of the intention to make these payments. Nevertheless, delayed payments put the secretariat and the Convention process in jeopardy. The financial system in place provides that funds available at the end of a biennium are credited to the budget of the next biennium, thus reducing the net contributions due from Parties to the next budget. This provision is intended to deal with residual sums. If, however, we received some 30 per cent of contributions due for this year in its last month, we would not be able to spend that money before the end of the biennium. I am sure this is not the intention behind these delayed payments; it is, nonetheless, their effect. I suggest that the SBI may wish to look into this aspect of the financial procedures during the next biennium.

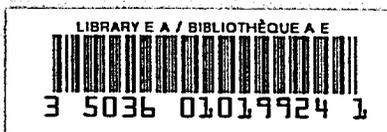
Meanwhile, I appeal to the Parties concerned to make their contributions while they can still be spent in the current year. I remind them and all other contributors that contributions for 1998 are due on the 1st of January. Notices to this effect were issued on 1 October.

Another financial matter of immediate concern is the need for **additional contributions to the trust fund for participation**. The fund is short by some US\$ 550,000 of the amount needed to finance all eligible Parties to send one delegate to Kyoto, with an additional delegate for those that are least developed countries or small island developing countries. I appeal for prompt contributions to enable us to achieve this funding aim.

To end on a more upbeat note, let me turn to the **functioning of the secretariat itself** and inform you that, since the Convention bodies last met, we have been gathering in the fruits of our recruitment drive. Behind me on the podium are five new professional staff members, whom I shall introduce by name. They will be joined in the next months by three more officers. These arrivals provide evidence not only of growing professional competence, but also of desired improvements in geographical and gender balances.

I can also inform you that we have started to redeploy staff members into the positions that they will occupy in the staffing structure derived from the new programme budget. This will ensure that the new secretariat line up will be ready for a prompt start in January, after a brief post-Kyoto process of rest and relaxation.

Finally, let me say how glad I am to have learned that the Climate Change secretariat will be joined in Bonn by the secretariat of the **Convention to Combat Desertification**. The two secretariats shared premises, administration and other services in Geneva for several years, and look forward to renewing that experience here in Bonn. In my statement to the CCD COP 1 in Rome earlier this month, I highlighted the linkages between climate change, drought and land degradation, stating that success in Kyoto will make an important contribution to the fight against desertification. I pointed to opportunities for coordination and integration in work on capacity building, on the communication of information and on scientific assessments. I also believe that there is potential for reducing overhead costs of administration, conference services and information technology for the two secretariats by organizing these services jointly. This is a managerial challenge for the next two years.



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