

List of Recipients for
Periodic Updates from the Climate Talks
Bonn, Germany
July 28 to August 8, 1997

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Revised: 8/3/97

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6 August 1997

To: Please See the Attached Listing
From: Climate USDEL/Bonn -- Mark G. Hambley
Subject: Climate Change Negotiations, Update No. 9:
Report on Developments on August 5/6, 1997

This is one of a series of reports on meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change and its three subsidiary bodies which are being held in Bonn, Germany, between 28 July and 7 August 1997. This update provides informal observations on activities from the afternoon meetings on Tuesday, August 5th, through the morning sessions on Wednesday, August 6th. Included, as well, are the following more detailed reports prepared by USDEL members:

- (a) Notes from the final SBI August 5 Plenary prepared by USDA's Carol Whitman;
- (b) Report on the discussions in the "institutions non-group" on August 5 prepared by DOE's Linda Silverman;
- and (c) a Report on the QELROS "non-group" meeting on August 5 prepared by EPA's Avis Robinson.

Also included are the latest copies of the environmentalist satirical rag, ECO, and the respected "Earth Negotiations Bulletin." Both provide useful juxtapositions to these daily reports.

The final paragraphs can be used as a DAR item as appropriate or desired.

Climate Change Negotiations: Update No. 9: "Non-Groups" Continue Apace with Saudi Influence on the G-77 Currently Resurgent

The four "non-groups", which are negotiating the text which will be used at the last AGBM session in October, continued to work apace on August 5 and 6. The state of play was outlined in some detail at Chairman Estrada's "trattoria" group meeting on evening of August 6.

Policies and Measures (PAMs): Keeping the EU at Bay

Mauretania's Mahmud Al-Ghaouth (a practiced negotiator of considerable UN experience and chairman of the SBI) reported on his aim of producing a compilation text. He indicated that, given the multiplicity of views, he does not want to proceed too rapidly. The EU's Bert Metz reported that he is more optimistic. Indeed, at the August 6th meeting, Metz introduced several "slight modifications and corrections" to the current draft text which largely follows the EU's preferred format. Metz was followed by a proposal made by the EU's JUSCANZ mole -- Switzerland -- who asked that the entire EU PAMs proposal be added as a separate alternative to the two currently presented.

This idea was promptly hosed by Australia and by Saudi Arabia speaking on behalf of the G-77/China. Both Australia and the U.S. also asked the chair to include one of the alternatives initially proposed: namely, use the chapeau but include no specific lists of PAMs. This topic will continue this afternoon.

QELROS: Waiting for the JI/Trading "Compromise" Text

Brazil's Gylvan Meira reported that initial discussion had (somewhat surprisingly) been completed on the myriad of topics covered under this item. He is drafting (with the "non-group's permission" some of the items on reporting. An attempt is being made to consolidate the texts on JI and trading. In this regard, the U.S. has worked closely with the EU and New Zealand. There remain some fundamental differences to be sorted out, however.

The ultimate objective of QERLOS (the target/timetable issue) was not raised at this meeting. Meira reported that a 40 minute discussion on differentiation had ensued on August 5th. At the August 6th JUSCANZ meeting, Japan, Australia, and Norway all expressed varying degrees of dismay over the way in which differentiation has not been

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mentioned in the draft negotiating text. They intend to attempt to rectify this omission during this afternoon's meeting.

Compensation "Non-Group" Becomes a "Non-Meeting"

The August 5 lunch-time contact group meeting on compensation accomplished little. In the absence of a chair being appointed by Chairman Gylvan Meira, Saudi Arabia attempted to assume this role but was promptly bullied by the EU who did not want anyone with such a biased outlook taking over these proceedings. Despite this failure, Gylvan reported that he will be including "a paragraph" on compensation in his report, albeit it will be bracketed.

Institutions "Non-Group" Struggles with Objective and Principles; Nearly Collapses over the Preamble Issue

Japan's Takao Shibata reported on the efforts of his "non-group." He noted that there had been a great deal of debate on the question of listing the objective and principles for the proposed protocol. AGBM Chairman Estrada said that these should refer to those of the convention, full stop. No concentration level should be mentioned as it has not as yet been scientifically proven.

The EU pronounced itself in favor of its proposals in this regard ((which include a reference to an overall 550 ppm concentration level for greenhouse gas (GHG) emissions.)) Brazil, Hungary, and the U.S. were among those who largely supported Estrada's view. In a compromise which he offered to Germany (which had spoken on this topic for the EU), Estrada suggested that this figure could be considered in a non-binding report which will introduce the protocol. Germany responded that she could not answer for the moment.

The morning session of the "institutions" group was, in the words of our primary interlocutor, OES/L's capable Evan Bloom, "chaotic." The Saudis bracketed practically every aspect of the document they could find as opportunities arose; particularly perplexing was the more than ninety minute long debate over the preamble. The end result of all this: an evening session for this "non-group" on August 6th.

U.S. Asked to Do More Work on Compliance

Estrada asked the U.S. if we would be willing to do something with the compliance portion of the paper. We said that, "of course, anything to help the Chair out." Now we have to determine just what Estrada has in mind.

Article 4.1 Machinations and Maneuvering

As indicated in an earlier update, the Chairman's draft text was prepared over the weekend. The U.S. and the EU subsequently worked together to consolidate and correct their respective proposals and presented them to the G-77/China in the hope that they could be accepted without a formal meeting, given the shortage of time, the absence of the Chair (who is Amb. Evans-King of Trinidad who is also his country's Chief of Protocol and had to return home for the state visit of Ghana's President Rawlings; there are priorities, after all), and the fact that all of the changes were in bracketed submissions made by either the U.S. or the EU.

The G-77 would have none of this, however. Bernaditas Mueller of the Philippines insisted that this "non-group" meet -- but not negotiate -- in a final session in order to consider the U.S./EU proposals in a transparent manner. With reluctance, the U.S. and the EU agreed to this meeting which is scheduled for Thursday morning. The new temporary chair of the non-group (Amb. John Ashe of Antigua/Barbuda) asked the G-77 to show the same good will displayed by its EU/US counterparts and to prepare, in advance, its own proposals for consolidation of any text proposed by the G-77/China Parties.

Saudi Arabia on a Roll?

Taking advantage of the diversity of views among the amorphous cliques and grouping of countries within the G-77/China, Saudi Arabia has asserted a more active stance during this meeting than has been the case for some time during these negotiations. As G-77/China spokesman for policies and measures, the Saudis are taking a lead in harassing the EU (with notable help from the U.S. and Australia).

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Yet, our positions are substantially different. On the one hand, the Saudis, we understand, are behind an effort to try to move all of the PAMs specifically mentioned in our Article 4.1 proposal to the actual PAMs discussion, itself. On the other hand, they want any measures mentioned in the Article 4.1 text to refer only to Annex I Parties -- because, in the Saudi view (one which is shared by many other G-77 countries), these constitute "new commitments" and are, therefore, outside the purview of the Berlin Mandate.

Another Conversation with the Russians

In our third conversation in two days with Dr. Bedritsky, the head of Russian HYDROMET as well as the Russian delegation to these talks, EPA's Sharon Sailes and this reporting officer passed along copies of the recent environment committee meeting in Moscow, as well as the draft of the statement on JI and trading prepared for possible signature at the forthcoming Gore-Chernomyrdin meeting.

Sharon also presented Bedritsky with a graph depicting how our Annex B concept works in response to a question raised by him on August 5th. In this regard, we offered to send someone to Moscow to explain any other aspects of our proposal which do not come across smoothly in the UN's Russian language translation which he uses. We asked Dr. Bedritsky to make mention of this point when he responds to Rafe Pomerance's letter to him of late last month.

In addition, per an August 5 telcon with Pomerance, we confirmed our interest in holding the next climate policy group meeting in Moscow on October 14-15 (Tuesday/Wednesday). The promised roundtable would also be held during this period, as well as a parallel meeting of forest experts as planned at the last meeting in Washington.

Two ECO Articles of Interest

Aside from the two German newspaper reports critical of the U.S. position on climate change, today's issue of ECO, the environmentalist rag, contains two articles which we would like to call to our readership's attention, especially in view of policy discussions in Washington.

The first, on page two which is co-authored by Woods Hole's Ramakrishna, warns that any effort to reopen the north-south debate enshrined in the convention with regard to developing country obligations or financial arrangements could lead to the collapse of the present negotiations. The second article, entitled "The Credibility Gap", which is on page three is noteworthy only for its first sentence which demonstrates that

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our (joined by Japan) efforts at bashing the EU's 15 percent reduction figure is causing a reaction.

The reference in the picture on page three is to this reporting officer. Clarifying, he notes that his camels are only of the single-humped West Asian variety, and he wonders why ECO failed to mention that he is also the proud owner of a 1948 Citroen "traction" similar to the one on the left-side of the photo!

The following paragraphs can be used as a DAR item as desired or appropriate:

Climate Change Negotiations: Update No. 9: "Non-Groups" Continue Apace with Saudi Influence on the G-77 Currently Resurgent

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SBI Chair Mohamed Ould El Ghaouth (Mauretania) outlined the agenda for the final meeting of the 6th session. Mr. Donal Enright (Ireland) reported on the SBI informal workshop on updated information from the national communications of Annex I Parties, held 31 July 1997. The workshop covered national inventories; actual trends; methodological issues; projections from 2000 to 2020; and policies and measures and specific effects. GHG emission trends include: increases from transport; decreases from N₂O and CH₄; PFCs, SP6, and HFC have been reported for the first time. Comparison across Parties isn't feasible because of different methodologies. Trends indicate that more action is needed to return to 1990 levels. Methodological issues include: recalculation of base year inventories; changing GWPs; actual vs. potential emissions. These may have important policy implications for legally binding targets. Comparability and consistency of methods are necessary and data gaps (e.g., no forest sink inventory for 1990) are a problem. Methodologies for land use change (forest sink and emissions) are needed. Information is incomplete on the effects of policies and measures. The quantification of some is easy, others hard.

SBI proceeded to consider the draft report of the 6th session (FCCC/SBI/1997/L.2). Conclusions were adopted for National Communications from Annex I Parties; language was added expressing concern for the lateness of the second communications (FCCC/SBI/1997/CRP.5). Annex I Parties should submit views on the schedule on in-depth reviews by 25 Aug. Conclusions were not reached on communications from non-Annex I Parties, but it was agreed that the contact group would reconvene at the 7th session of SBI in October 1997 and consider the 2 annexes provided in FCCC/SBI/1997/CRP.4 by the USA and G77/China, a third to be submitted by the co-chairs, and further views submitted by 8 Sep. The USA noted that its acceptance of para. 2 of CRP.5 on "individually or jointly" was without prejudice to other decisions. The issue of the financial mechanism also will be taken up again in October 1997; draft options for conclusions appear in FCCC/SBI/1997/CRP.3. IRAN and PHILIPPINES pointed out that the group had agreed that the Secretariat would accept additional comments until 25 September, not 8 Sep. as indicated in the report. A compromise was reached on 15 Sep., the Chair indicating that the Secretariat was constrained by time and UN rules.

Conclusions on the division of labor between SBI and SBSTA were adopted and referred to SBSTA. Conclusions were adopted on the volume of documentation. The Secretariat expressed concern for the varying deadlines (25 Aug., 8 Sep., and 15 Sep.) and proliferation of annexing decisions which require translation. The USA suggested that absolute dates for Parties' submissions be announced at the beginning of a session. The Secretariat suggested that instead of annexes, decision options can be additions and published as MISC documents, which don't require translation. The SBI will reconvene the contact group in October 1997 to continue work on mechanisms for consultation with NGOs.

Conclusions on arrangements for COP 3 appear in FCCC/SBI/1997/L.3, with item 1.(f) deleted and the brackets in 1.(e) referring to the ministerial session from 8-10 Dec. were deleted with the understanding that a 2-day ministerial was sufficient (9-10 Dec.). The provisional agenda will include reviews of the adequacy of Article 4.2(a) and (b) and Annexes I and II (FCCC/SBI/1997/CRP.6). SBI concluded that COP 4 should be held in November 1998 in Bonn, unless a Party proposes to host (FCCC/SBI/1997/L.4 and CRP.6). It was recommended that COP 3 place the second review of Article 4.2(a) and (b) on the agenda of COP 4.

The recommended program budget for 1998-1999 was adopted (FCCC/SBI/1997/CRP.2). The EU noted that the budget provided a 15% increase during a time when national budgets are flat, and reflected the importance of the Secretariat's work. The Secretariat commented on the recommended increases in funding for methodological work (S&T—fully funded) and the overall reductions for 1998 (\$2M) and 1999 (\$1M) from the request. The changes in budget and staffing will require adjustments in programming and redeployment of staff. For example, the program on scientific outreach in S&T will be eliminated, with some items transferred to other programs and some dropped. The Secretariat also mentioned that only 64% of 1997 funding had been received to date, with 5 of the largest 10 donors in arrears.

The Chair adopted the report in its entirety and the meeting was adjourned. SBI will meet next in October 1997, but not in Kyoto in December.

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Institutions -- Final Clauses

Discussion focused primarily on three elements of the final clauses: relationship to other agreements, entry into force and withdrawal. On relationship to other agreements, Australia supported its proposal to include a paragraph referencing the rights and obligations of the WTO. The EU, Switzerland, Samoa and even Korea opposed this paragraph because it would subvert the protocol to the WTO and because it is not necessary to choose one treaty over another. Canada supported the Australians, while the U.S. suggested bracketing the text (we do not yet have a position on this). On entry into force, there was surprising support for including Japan's call for a dual approach: entry into force based either on number of parties or percentage of emissions. The U.S., which had textual language supporting the dual approach, asserted that we want to base percentage of emissions on global, versus Annex I, emissions. OPEC countries insisted on preserving a third proposal: entry into force would occur only after Annex I countries fully implement their commitments. Finally, there was a full discussion on withdrawal mechanisms. While most Annex I countries agreed on a legally based approach based on Article 25 of the FCCC, OPEC countries argued for including a paragraph (25.1) that specifies that withdrawal by an Annex I country would not eliminate any liability due to a claim brought against it by a developing country asserting economic injuries. The Chairman agreed to redraft one paragraph that would take all views into consideration, including the U.S. call for bracketing any reference to number of years for either withdrawal or expiration.

LINDA S

AGBM-QELROs Non-Group Meeting Summary, Tuesday Morning, August 5:

The Chairman, Mr. Gylvan Meira de Filho of Brazil, chaired this session for discussion on coverage, distribution of QELROs among Annex 1 countries, and stabilization of concentrations (temperature and sea level). The chairman indicated that bracketed text from the contact groups on flexibility and emission trading, joint implementation, and measurement, review of information and compliance will be available Wednesday, August 6. Text on the nature of targets and baselines has been circulated and has not been well received. The poor reception is due to the fact that authors included a "flat rate" approach to distribution. Thus, a discussion amongst the delegates to amend this draft on distribution was necessary.

Coverage

A draft text on Coverage was circulated to the delegates. The vast majority of the delegates requested that items 2, 3, and 4 be bracketed. These items state:

2. The Parties shall review the list of gases in Annex G at the first session of the Conference of the Parties after entry into force of this agreement, and a regular intervals thereafter, with a view to including other greenhouse gases to controlled by the Montreal Protocol.
3. The criteria for addition of a greenhouse gas to the list in Annex G are the following:
 - (a) the availability of a reliable value for the relative greenhouse warming potential of the gas;
 - (b) The availability of a comparable methodology for the estimation of the emission by sources of the gas; and
 - (c) The relevance of the gas to climate change.
4. The greenhouse gases added to the list in Annex G shall only be considered for the QELROs adopted after their inclusion.

The chairman agreed to bracket items 2, 3, and 4.

With regard to the list of greenhouse gases listed in Annex G, both Russia and China indicated that the delegation must be cautious about what gases should be covered (except CO2). And doubted whether 'uncertain' gases should be included in a legally binding document. Canada supported the removal of brackets from the Annex G list of gases (and adding 'all sectors'), as did the U.S., Australia, Canada, New Zealand, and Saudi Arabia.

Distribution of QELROs among Annex 1 Countries

This discussion centered around the issue of a fixed

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percentage of reduction by Annex 1 countries relative to a baseline, versus differentiated national targets. Most of the delegates maintained their existing positions on this issue. Iceland, Japan, Switzerland, the Russian Federation, and Poland favored differentiation. The United Kingdom and AOSIS countries called for a 'flat rate'.

Stabilization of Concentrations

The chairman stated that the question here is whether the protocol should have an item stating the atmosphere must be stabilized first and then surface temperature. Samoa, the United Kingdom and the United States stated that it was clear that language should be included, the question was where? The chairman stated that he would make sure the language was include, however he would not discuss where.

4 August 1997, 17.23 hrs

DRAFT TEXT BY THE CHAIRMAN OF THE NON-GROUP
QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES

Coverage

1. For the purposes of this agreement, QELROs shall apply to anthropogenic emissions by all sources and anthropogenic removals by sinks of the gases listed in Annex G.
2. The Parties shall review the list of gases in Annex G at the first session of the Conference of the Parties after entry into force of this agreement, and at regular intervals thereafter, with a view to including other greenhouse gases not controlled by the Montreal Protocol.
3. The criteria for addition of a greenhouse gas to the list in Annex G are the following:
 - (a) The availability of a reliable value for the relative greenhouse warming potential of the gas;
 - (b) The availability of a comparable methodology for the estimation of the emission by sources of the gas; and
 - (c) The relevance of the gas to climate change.
4. The greenhouse gases added to the list in Annex G shall only be considered for the QELROs adopted after their inclusion.
5. Methodologies for establishing anthropogenic emissions by sources and anthropogenic removals by sinks shall be those accepted by the Intergovernmental Panel on Climate Change and as decided upon by the Conference of the Parties.

Annex G

Carbon dioxide (CO₂)

[Methane (CH₄)

Nitrous oxide (N₂O)]

[Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulfur Hexafluoride (SF₆)]



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HIGHLIGHTS FROM THE MEETINGS OF THE SUBSIDIARY BODIES OF THE FCCC

5 AUGUST 1997

The Chair of the *Ad Hoc* Group on the Berlin Mandate (AGBM) conducted an observer briefing in the morning. The non-group on quantified emission limitation and reduction objectives (QELROs) met in the morning, and the non-group on elements related to institutions and mechanisms met in the afternoon. The Subsidiary Body for Implementation (SBI) concluded its work in a morning session and the Subsidiary Body for Scientific and Technological Advice (SBSTA) concluded its work in the afternoon.

OBSERVER BRIEFING

AGBM Chair Raul Estrada-Oyuela (Argentina) convened a morning briefing for observers on the previous day's progress. The Chair of the non-group on QELROs confirmed that Parties had decided to define the framework of an agreement before proceeding to specify QELROs. He said it was unlikely that numbers would be discussed this week and suggested that an attempt to do so might embarrass some Parties. The Parties would, however, discuss distribution of QELROs. He added that some Parties continued to oppose flexibility, i.e. trading and joint implementation. The text on these topics would remain in brackets. He will also prepare a text on measurements and communications.

The Chair of the non-group on institutions said that discussion had concentrated on the final part of the Protocol, and specifically addressed the question of linking the Protocol with the FCCC. A protocol would be independent but some delegates expressed confusion as to how this could be reflected in the protocol.

The Chair of the non-group on Article 4.1 indicated that its text would be altered due to consultations that had taken place since the weekend. The Chair of a newly formed non-group on policies and measures reported that some delegates believe that there is no reason to have a section on policies and measures given the provisions in the FCCC. Others support a full section with elements on the major sectors related to energy.

SUBSIDIARY BODY FOR IMPLEMENTATION

Chair Mohamed Ould El Ghaouth (Mauritania) noted that most decisions by the contact groups were outlined in the draft report (FCCC/SBI/1997/L.2). The Rapporteur commented on the SBI informal workshop considering updated information from the national communications of Annex I Parties. He noted that four presentations were made by the Secretariat on: national inventories - actual trends between 1990-1995; methodological issues arising from submitted inventories; projections to 2000 and 2020; and policies and measures and their specific effects. He noted that the Secretariat plans to have additional information in time for the next session of the subsidiary bodies.

The Chair called for consideration of the results from the contact groups. The draft conclusions on communications from Annex I Parties (FCCC/SBI/1997/CRP.5) were adopted including, *inter alia*, that the Secretariat should submit a report at SBI-7 on the progress of Annex I Parties in returning to their 1990 levels of GHG emissions. The US noted that their acceptance of the term

"individually or jointly" in the draft text did not prejudice its position on other texts being negotiated. The PHILIPPINES called for the inclusion of a specific reference to Article 4.2 (b).

The Chair presented draft conclusions on communications from non-Annex I Parties (FCCC/SBI/1997/CRP.4). He noted that the contact group did not find sufficient time to conclude the issue and will continue its consideration at the October meeting. On review of the financial mechanism, the Chair presented draft conclusions (FCCC/SBI/1997/CRP.3) and stated that the group will continue to consider the issue in October. A number of delegates noted concern that a sub-paragraph in the draft report called on Parties to submit their views on the financial mechanism by 8 September 1997. The Executive Secretary noted that if the submissions are late, delegations will have little time to consider the inputs. A compromise date of 15 September was agreed.

On division of labor between SBSTA and SBI, delegates confirmed the decision to recommend the draft decision for adoption by COP-3. On volume of documentation, delegates approved the draft decision for adoption by COP-3. The draft notes, *inter alia*, the efforts of the Convention secretariat to reduce the volume of documentation (FCCC/SBI/1997/L.2). On mechanisms for consultations with NGOs, the chair noted that a contact group will be created at SBI-7 for consideration of this item. The SBI urged all Parties to submit their views on this item by no later than 25 August. The Chair presented draft conclusions on arrangements for intergovernmental meetings (FCCC/SBI/1997/L.3; FCCC/SBI/1997/L.4; FCCC/SBI/1997/CRP.6). On arrangements for COP-3, the delegates accepted the draft conclusions including, *inter alia*, that: COP-3 place on the Agenda for COP-4 the second review of Article 4.2 (a) and (b); and that the paragraph considering an informal dialogue among Ministers and other Heads of Delegations be deleted. On arrangements for COP-4, delegates accepted the draft conclusions including, *inter alia*, that COP-4 be held in November 1998 in Bonn unless a proposal by a Party to host the conference is received before 30 September.

The Chair presented the draft conclusions on the programme budget for 1998-1999 (FCCC/SBI/1997/CRP.2), and noted that this will be a formal annex. The annex was adopted. The EU said a fifteen percent increase in the budget over two years shows the importance that the EU attaches to the implementation and further development of the Convention. The Executive Secretary expressed his appreciation for early closure on this issue but noted that five of the ten largest contributions for the year have still not been received.

Parties adopted the report of SBI-6 while taking into account the need to incorporate late decisions. The Chair reminded Parties that they were duty bound to complete their work in October as there would be no SBI meeting at COP-3.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Delegates discussed the remaining issues on their agenda and considered a revised draft report of the meeting (FCCC/SBSTA/1997/L.4). Delegates adopted the draft conclusions on the division of labor between SBI and SBSTA that were adopted by SBI. The Chair of the contact group on methodological issues presented the

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group's revised draft conclusions. He noted that the revised conclusions, *inter alia*, request the Secretariat to prepare a progress report on the work programme on methodologies and noted that SBSTA-7 will begin consideration of terms of reference for expert contributions and the review of technical documents. The conclusions also contain an indicative budget for the methodological work programme.

On methodological issues related to joint implementation, the Chair recalled that the US, Canada, Norway and China had held informal consultations. CHINA reported that the group had not reached consensus. The Chair proposed that the report of the meeting state that SBSTA had considered the issue and decided to defer it for consideration at a future session. CHINA proposed deleting the reference to future consideration. The PHILIPPINES asked if the issue would again be considered as a separate agenda item or together with methodological issues. The US indicated the need for further discussions and noted that the clearly divergent views are evidenced by the fact that there are no conclusions on this matter. Delegates agreed to the Chair's proposal.

On national communications from Annex I countries, delegates heard a presentation on the SBI workshop on Annex I communications and agreed to take note of the methodological issues outlined in the workshop report. On non-Annex I communications, delegates agreed to refer to the conclusions adopted by SBI.

On transfer of technologies, the revised draft conclusions stated that SBSTA took note of the Secretariat's progress reports and the technical report, and supported the Secretariat's plans to prepare reports on the role of the private sector and on enabling activities of governments related to technology transfer. Under the draft conclusions, SBSTA also encouraged the Secretariat to extend its cooperation with other organizations with the aim of, *inter alia*, improving the availability of climate relevant data.

The draft conclusions also state that SBSTA discussed the subject of intergovernmental technical advisory panels (ITAPs) and noted that the Secretariat has been requested to prepare a report on its experience in using the roster of experts. It recalled that the subject of ITAPs, including their possible establishment, would be considered by SBSTA-7. SBSTA noted that the Secretariat had made use of the roster in three expert meetings on technology and technology transfer issues and recalled its request to Parties to nominate experts for the roster. Delegates recalled the conclusions that had been adopted at the last SBSTA meeting and adopted the report of the meeting as amended.

NON-GROUP ON QELROS

The non-group on QELROS met in the morning and discussed issues pertaining to coverage and distribution. Coverage discussions were based on a draft text by the Chair. The draft text proposed an Annex containing a list of six GHGs to which QELROS would apply. The text included a provision for the review of the gases listed under the Annex at the first session of the COP after entry into force of the agreement and at regular intervals thereafter. Criteria for the addition of a GHG to the list were also included.

Some delegations objected to the inclusion of certain criteria such as the availability of a reliable value for the relative global warming potential of the gas and the availability of a comparable methodology for estimation and assessing the relevance of the gas to climate change. Paragraphs on these topics were bracketed. The Chair indicated that most countries agree on a comprehensive approach according to which QELROS should apply to all GHGs. He predicted that enlarging the GHG list would not find objection as long as it is possible to measure emissions and judge the relative global warming potential of other gases in comparison to CO₂.

A number of delegations requested that a reference to the Berlin Mandate be included in the draft, and noted that a comprehensive approach had been incorporated in the FCCC and the Berlin Mandate. The Chair indicated that he would seek guidance from the AGBM Chair on inclusion of references to the Berlin Mandate and produce a new draft on coverage based on the discussions.

There was a general exchange of views on distribution of QELROS among Annex I countries. The discussion focused on whether distribution should be based on a differentiated approach

or a flat rate target. Several delegations favored the differentiated approach and underscored the need for different commitments according to country-specific conditions. These delegations indicated that the differentiated approach sets the right trend for the future and points to an equitable outcome. There was a suggestion that countries should be able to negotiate their own targets.

Other delegations favored the flat rate approach and indicated that targets could be met either individually or jointly. They noted that time constraints would make it difficult to reach agreement on indicators for differentiation before Kyoto. A delegation commented on "fairness" and indicated that some flexibility should be allowed through emissions trading and joint implementation. Another delegation indicated that no negotiations could start until targets are on the table.

NON-GROUP ON INSTITUTIONS AND MECHANISMS

The non-group on institutions and mechanisms continued discussions on proposals for Final Elements. Virtually every item discussed remained in brackets at the end of the meeting, with some delegates privately conceding that certain proposals are being placed "on ice" until some of the encompassing issues at the AGBM have been cleared. On the relationship to other agreements, a number of Parties opposed a proposal on derogation on the grounds that it would subordinate the Protocol to other pre-existing institutions, particularly the World Trade Organization (WTO). Another group of countries wanted to establish that nothing in the Protocol would prejudice the rights and obligations of WTO members. In a paragraph on a Party's rights under international law, a number of Parties argued that the proposal was simply a statement of the current legal state of affairs, but others said the reference should be retained.

Some Parties also argued that a paragraph on provisional application of the instrument was redundant. Others suggested that the provision could prove useful in helping to overcome domestic legal obstacles. The fate of a paragraph on ratification was linked to the outcome of discussions on a proposal laying down restrictions under the Protocol for regional economic organizations.

On entry into force, two main positions emerged. Some supported ratification based on the number of signatories. Others supported a "weighted entry into force" linking ratification to the percentage contributions to GHG emissions of ratifying countries. A number of Parties supported a proposal that would ensure that a Party's withdrawal from the Protocol would not operate to limit its liability for any claim accruing against it as a result of economic injury sustained by developing countries.

IN THE CORRIDORS

Delegates say that the brief discussions of joint implementation during SBSTA and SBI on Tuesday, point to abiding sensitivities between Annex I and non-Annex I Parties over implementation and potential future commitments. Wary of exploring JI before completing the pilot phase of activities implemented jointly (AIJ) between developed and developing countries, a number of developing country delegates say that opening the issue in the subsidiary bodies could establish it as an issue in future AGBM negotiations, a result they oppose. They also want to ensure that language on "returning individually or jointly" to earlier emissions levels applies only to Annex I Parties. Developed countries supporting JI say that it is an appropriate element of future commitments that should be pursued in current negotiations. Although text on JI is being examined in contact groups, this week's decisions are not expected to resolve differences on the issue.

THINGS TO LOOK FOR TODAY

Non-Group on Institutions: The non-group meet at 10:00 am in the Beethoven Room.

Non-Group on Policies and Measures: The non-group will meet at 10:00 am and at 3:00 pm in the Maritim Room.

Non-Group on QELROS: The non-group is expected to meet at 3:00 pm in the Beethoven Room.

ecco



Eco has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the Climate Negotiations in Bonn, July-August 1997.

Hiding in the Annexes

by Daniel Lashof, Natural Resources Defense Council and Bill Hare, Greenpeace International

The admirable attempt to streamline text by the Chairman of the QELRO's non-group poses great risk of creating opportunities to hide large quantities of emissions under a veil of uncertainty in one of the many Annexes floating around between the square brackets. In reviewing this text delegates should pay particular attention to the following key issues:

- Focus on "source categories" not "gases". Annexes should be defined by grouping source categories on the basis of similar levels of certainty with respect to monitoring and reporting, as proposed by New Zealand. Industrial CO₂ emissions are both the most important and the most accurately measured source category. Other industrial emissions such as nitrous oxide from adipic acid production, methane emissions from natural gas pipelines, the production of HFCs and SF₆ or the emission of PFCs from aluminium

smelting can all also be accurately measured. Methane emissions from well monitored landfills may also be able to qualify at a similar level of certainty.

- In contrast, land-use sources of, for example, methane from rice paddies have much higher uncertainty. Allowing these two sets of source categories to be mixed together in a single basket because they are the same gases and are monitored with the "best available" methodologies is not acceptable. This could undermine the ability of Parties to ensure compliance with limits even for the best monitored source categories.
- Establish appropriate limits for each group of sources rather than allowing selective offsets. Reductions below the target for the most certain source categories (Annex C) could be used for compliance with the target for less certain categories (Annex D). Credits from reductions below the target for Annex D should be discounted by 2-to-1, or a higher ratio if appropriate as determined by

SUBSTA, when used for compliance with the Annex C target. This ensures that the ability to monitor compliance with targets for well-measured source categories won't be diluted by mixing reductions claimed from less certain categories.

- Watch out for "net" and for "natural" sinks. Land-use sources and sinks for CO₂ should be treated in a separate Annex (Annex E), because of uncertainty both about monitoring and about permanence of carbon sequestered in ecosystems subject to disruption by climate change or other factors. Monitoring should focus on emissions by anthropogenic sources and removals by anthropogenic sinks. It must be clear that Parties can't claim sinks based on the selective inclusion of natural areas that may be accumulating carbon at any particular point in time. Monitoring should be based on cumulative changes in stocks, not changes in flows, which can fluctuate from year to year.
- Prevent banking and trading of "paper reductions." The whole drop in the emissions in Russia and their other CEE colleagues after the collapse of communism was not realized by any intentional measures or policies. We

continued on back page, col. 3



Verification of emission reductions could prove tricky

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SBI Tuesday Morning

At last! Something we can report on! We know that all of our readers will be thrilled to hear our reporting on the most riveting and captivating deliberations of the entire two week conference. After forty-five minutes of agonizing anticipation for the meeting to begin, the Chair invited Mr. Donal Enright to report on the Informal Workshop "Updating information from the national communications of Annex I Parties." According to Enright, the breaking news was that GHG emissions for most parties had increased (except for the economies in transition). Surprise! While projections had become of a "higher quality," unfortunately, comparisons are difficult because no one is using the same methods. Would it be too much to ask Parties to follow the agreed methodologies?

The review process for the GEF provided more grist for scintillating discussion. Iran's impassioned plea to extend the deadline for Parties' views was mercilessly rejected by the Chair who compromised by agreeing to 15 September 1997. Parties' views on non-Annex I communications are required by 8 September

1997, and Annex I Parties to submit their views on the schedule for in-depth reviews by 24 August. Getting bogged down with dates? Don't worry, the Secretariat will come to the rescue with a calendar of dates for your diary.

Other decisions and conclusions on division of labor between SBI and SBSTA, volume of documentation, mechanisms for consultation with NGOs and the 1998-1999 budget were adopted with no amendments. On arrangements for future COPs, the Parties decided to consider the second review of the adequacy of commitments at COP3 and to put it on the agenda for COP4. COP3 will also undertake a review of available information in accordance with Article 4.2 (f), with a view to taking decisions regarding amendments to the lists in Annexes I and II of the Convention. Controversial issues are sure piling up for COP3, aren't they? But with the possibility of an extra day for sightseeing for the Ministers, courtesy of China, perhaps the Secretariat could hook some shiatsu and acupuncture sessions for those overcome with stress.

Finally, it looks like COP4 will be held in Bonn in November 1998, but there is still time

for applications from other cities... please someone, come to the rescue!

SBSTA-PM

If you thought SBI was a blockbuster, SBSTA was even more emotive. The disappointing news was that it only lasted an hour. Thanks, Tibor, for granting us the luxury of a stroll in the lovely park down the street. Focusing on finalizing any outstanding issues, Tibor emulated Keanu Reeves' performance in last summer's movie, *Speed*, by whipping through the remaining agenda items in order to adopt the final report. The crushing disappointment was that no substantive conclusions on methodological issues relating to JI were forthcoming from the intimate contact group on this issue, so it had to be deferred. One decision from last week is worth noting: despite the official deadline of January 1998 for Parties' views on "key policy issues" with respect to the IPCC's Third Assessment Report, particularly regarding the synthesis report, why not try to get these submissions in before the IPCC Plenary meeting this September (where the TAR work plan is being determined) so that they're worth the paper they are written on?

Linkage - Don't Push It

by Kilaparti Ramakrishna, Woods Hole Research Institute, and Atiq Rahman, Bangladesh Center for Advanced Studies

The current debate on financial assistance and technology transfer in these negotiations oscillates between a sense of déjà vu and incredulity. Déjà vu because many of the positions advanced for and against financial assistance and technology transfer bear an eerie resemblance to what the industrialized and developing countries went through in negotiating and adopting the FCCC in 1992. Incredulity that we should have to revisit the issue all over again.

Given the failure of industrialized countries to meet the modest commitments agreed to in the Convention, and the felt need to bring developing countries on board quickly, in some shape or form, one assumes industrialized countries would be eager to deliver what they promised in 1992. Instead what we feel is the tension of the early stages of negotiations in 1991.

As we conclude this penultimate session of the AGBM, it may be beneficial to look at what in fact was agreed to in the FCCC. The developed country Parties agreed:

- to provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in preparing their national communications (article 4.3);
- to provide financial resources, including for the transfer of technology, to meet the

agreed full incremental costs of implementing measures contained in article 4.1;

- to assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects (article 4.4);
- to take all practicable steps to promote, facilitate and finance the transfer of, or access to, environmentally sound technologies and know-how to other Parties to enable them to implement the provisions of the Convention (article 4.5).

The developing countries must have had some pretty good reasons for ensuring that article 4.7 found its place in the Convention. This paragraph provides that effective implementation of developing country commitments depends on the developed countries meeting their commitments related to financial resources and transfer of technology.

Some of the leading Annex I countries are now heard objecting to the linking of developing country participation in the Kyoto Protocol to the provision of new and additional financial assistance and technology transfer required under the Convention. They state that while these issues might play a "supplementary" role, they should not be a driving force in formulating negotiating positions! Really!!!

One thing can be said, though. Several of

these Parties are "consistent". First, they renege on their commitments contained in the Convention, then they try to modify the Berlin Mandate, and to top it off they act as if the current negotiations have no history and that they are taking place in isolation.

The Framework Convention is by no means perfect. It is a compromise, often called a "package deal". It enshrined within it a delicate North-South balance. For developing countries - without exception - the package is sacrosanct. Any attempt by any major Annex I country to reopen it or ignore its application could lead to the collapse of the present negotiations. Hence, we appeal: *don't push it!*

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Don't Forget to Fluorinate!

by Bill Hare, Greenpeace International

It is vital that HFCs (hydrofluorocarbons), Perfluorocarbons (PFCs) and SF₆ (Sulphur Hexafluoride) are included in the emission reduction targets adopted in Kyoto. These chemicals are extremely powerful greenhouse gases. In the case of PFCs and SF₆ these gases have lifetimes of thousands or tens of thousands of years.

HFC use is growing rapidly. The principal uses of HFCs in order of importance are stationary cooling, mobile air conditioning, closed insulating foams, aerosols, solvents, fire extinguishing and open celled foams. For all of these applications non HFC or non PFC alternatives exist.

PFC emissions are principally from aluminium production and can be substantially reduced quite quickly. In fact this is one of the few categories of greenhouse gas emissions which are actually being reduced by a number of OECD countries. SF₆ is used to insulate some electrical equipment and is used in some consumer goods such as some Nike running shoes.

According to one recent global projection of future HFC, PFC and SF₆ production and consumption, emissions of these gases could be equivalent to 5% of 1990 CO₂ emissions by 2005, rising to 13% in 2015 and 20% in 2040.

Some Parties (ie Japan and Russia) are arguing that there are too many data uncertainties surrounding inventories of these gases for them to be included in a QELRO. Nothing could be further from the truth. HFCs and SF₆ are produced in chemical plant specifically for sale as commodities and hence high quality data is available on production (and hence emissions) of these chemicals. PFCs are principally emitted from aluminium smelters and emissions can be estimated in the base year by reference to standard industry emissions factors.

Other Parties and chemical companies argue that because there were no emissions of HFCs in 1990 as these are a new class of chemicals, controls at this stage are inappropriate. This overlooks the fact that in 1990 many chemical plants had large fugitive production of HFC-23 as a by product of other chemical production. Estimated inventories for these releases are in principle available from chemical producers, if not already held by national governments.

There is simply no excuse for not subjecting these chemicals to legally binding emission reduction targets.

The Credibility Gap

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by Sible Schoene and Stephan Singer, WWF
Increasingly, the USA and Japan have been challenging the EU's proposed targets (15% cuts in greenhouse gases for Annex 1 by 2010, and at least 7.5% by 2005, based on 1990 levels). Both countries have described these as "unrealistic and unachievable".

A study, undertaken last autumn for WWF by Utrecht University, demonstrates that the EU can cut CO₂ alone by about 15% by 2005 using proven policies. This shows that the EU proposal for Annex 1 countries is not very ambitious. The EU's energy efficiency (expressed in oil equivalents used per unit GDP) is almost twice as high as the US; it follows therefore that the world's largest emitter could easily comply with a target higher than the EU's. Japan, despite its high energy efficiency, still has potential for considerable CO₂ reduction. For example, in Japan co-generation accounts for only 1.7% of electricity capacity, compared to about 10% in the EU. Likewise, natural gas, a low carbon intensive fuel, provides only 10% of primary energy supply in Japan, as against c. 20% in Europe.

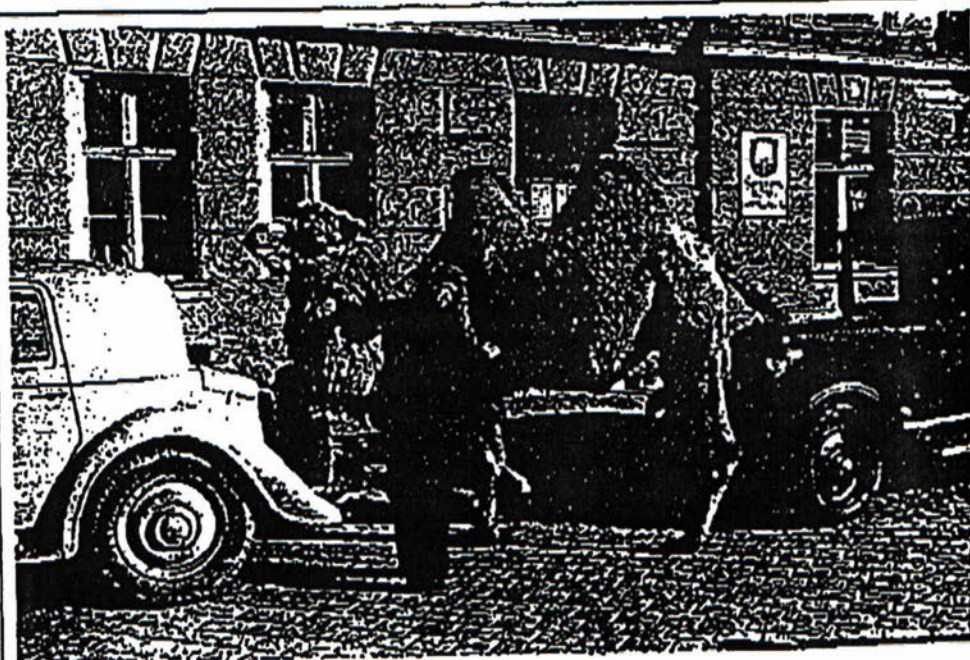
The Utrecht study indicates that the proposed measures for the EU are mostly cost-effective and maintain economic competitiveness, and thus are attractive or at least acceptable to the business community. These measures include co-generation, housing insulation, efficiency standards for appliances and cars,

voluntary agreements in all industrial sectors, and a substantial renewable energy programme. Furthermore, the study assumes "business as usual" economic growth.

This "argument" on credibility has been put forward by two very non-credible countries, neither of which has yet been able to propose any precise reduction targets at all – and have both increased their emissions by c. 8% since 1990.

The "non-credible" EU however, may be able at least to achieve its Rio stabilisation target by the year 2000, and could further reduce its emissions later on by implementing some of the proposed policies. To date, the EU with its 15 member states is the only Annex 1 party which has actually put forward any essential substance for a credible Kyoto protocol – that is, a reduction target for 2005 based on 1990 levels. The EU has not in the past been very successful in convincing other parties that it is capable of implementing climate policies effectively. However, now that the new targets have been set, additional goals are being discussed internally, such as a doubling of energy from renewables to 12% by 2010.

Finally, in a challenge to any "wait and see" arguments, WWF has commissioned studies in the US and Japan which – before Kyoto – will identify those domestic measures which can contribute to substantial CO₂ emission reductions by 2005 on 1990 levels.



Eco was dubious of the story that the head of delegation of a certain North American country was the proud possessor of two herds of camels, until he was spotted arriving with his chauffeur at the Maritim yesterday

'Dirty Diggers' Done Over

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For a long time, delegates have been puzzled by the passion some of the Australian delegates have put into the negotiations. It became clear at Monday's briefing by Dr Clive Hamilton that the passion is an attempt to compensate for the lack of credible arguments.

Speaking at an event organized by the Center for International Environmental Law, Dr Hamilton, the Australian Government's most effective domestic climate change critic, clinically disposed of the Australian case.

To the amusement (and astonishment) of the audience, the reaction of the Australian delegation was anything but clinical. Most of the heat was generated by Brian Fisher ('Mr Megabare') who took umbrage at criticisms of ABARE's modelling work. Delegates have never given MEGABARE much time, but now that the assumptions and results have been so thoroughly exposed by Dr Hamilton ECO would be surprised if the Australian delegation ever referred to it again.

It turns out that MEGABARE is funded mainly by companies in the fossil fuel and aluminium businesses, and they run the modelling from a Steering Committee. The entry price is \$50,000. Oddly, the Norwegian State Oil Company is one of the contributors, a fact that will

raise eyebrows in that country's political circles. Other significant funders include Mobil, Texaco and Exxon.

Dr Hamilton was particularly critical of the Australian Government's domestic greenhouse policies. Existing programmes have been either cut back or abolished by the new conservative administration. Quoting a recent IEA review of Australia that concluded that energy is used very inefficiently, he referred to a series of studies that indicate that Australia could cut emissions deeply at very low cost.

But we should be charitable to the Aussie delegation: they have to pretend that their Government is serious about reducing emissions and playing a constructive role in the negotiations. Hamilton quoted Prime Minister Howard saying that Australia should never have signed on to the FCCC and Foreign Minister Downer saying "the only target that Australia could agree to at Kyoto would be one that allowed reasonable growth in our greenhouse emissions".

That is a challenging brief for any delegation at a convention designed explicitly to reduce emissions. The Australian Resources Minister Senator Parer thought he would kick the debate along by saying that "all this green-

house stuff" will be proved wrong in ten years' time, just like "The Club of Rome".

No wonder the Aussies are feeling sensitive... but tantrums from the floor may not catch on as a negotiating tactic.

As one European delegate put it after the briefing: "We know the Australians have had difficulty defending their policy; now we know it is impossible".

ECO hopes that Dr Hamilton's passport is in order when he returns to Australia.

-Hiding in the Annexes, from front page
should be thankful for every ton which was not emitted, but on the other hand we should remember that much more could be done. For example the Czech Republic reduced its CO₂ emissions by 24.5% but direct subsidies for heating are still 6 times higher than support for energy efficiency and renewables. Furthermore, linkage of the reduction target with the achievement of the average GDP per capita of Annexed countries could run for hundreds of years - simple mathematics show that if EIT GDP increases then average GDP increases thus delaying the reduction target indefinitely. Paragraphs 4 and 6.1 should therefore be deleted.

Ludwig

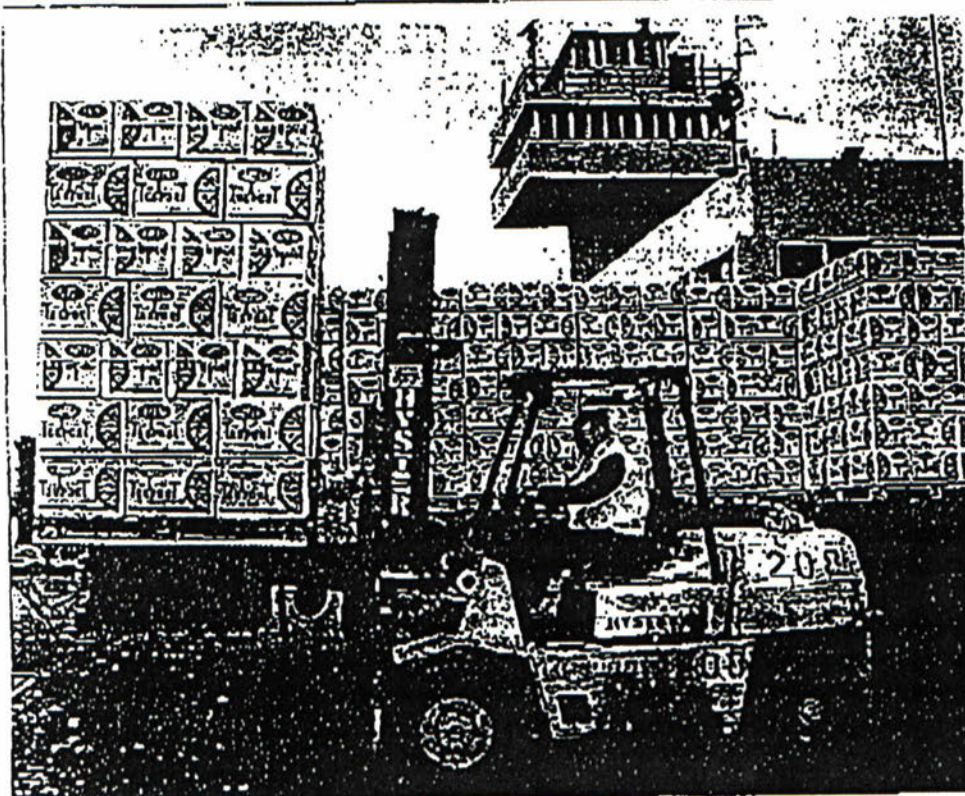
Ludwig wandered into the wrong room yesterday afternoon and found himself in a meeting of the Senior Citizens' Golf Association who are also meeting at the Maritim this week. It took some time to realise that this particular room full of old men discussing balls was in fact the Subsidiary Body on Scientific and Technical Assistance.

Later in the day he ran into some staff from the US Senate who are here on a frobie to investigate what happens here. What a charming bunch! And how well they seem to get on together! They offered to explain the US congressional process, and in return Ludwig offered to explain the climate negotiations. Sadly, they didn't have six months to spare...

THANKS

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Bulk text arriving at the Maritim yesterday

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Revised: 8/3/97

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5 August 1997

To: Please See the Attached Listing

From: Climate USDEL/Bonn -- Mark G. Hambley ~~MA~~

Subject: Climate Change Negotiations, Update No. 8:
Report on Developments on August 4/5, 1997

This is one of a series of reports on meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change and its three subsidiary bodies which are being held in Bonn, Germany, between 28 July and 7 August 1997. This update provides informal observations on activities from the afternoon meetings on Monday, August 4th, through the morning sessions on Tuesday, August 5th. Included, as well, are the following more detailed reports prepared by USDEL members:

- (a) Notes from the SBI Informal Sessions on August 1st prepared by the phantom member of the delegation;
- (b) A revised version of Saturday's (August 2nd) AGBM QELROS discussion prepared jointly by EPA's Jane Leggett-Emit and Sharon Sailes;
- (c) A report on Monday's (August 4th) AGBM QELROS non-group discussion prepared by EPA's Avis Robinson;
- (d) A report on the critical and fascinating discussions of the joint SB/SBSTA contact group on the division of labor prepared by DOE's Debbie Stowell;
- and (e) A report on the first session of the August 4th meeting on Policies and Measures also prepared by Ms. Stowell.

In place of ECO and copies of the "Earth Negotiations Bulletin," we are providing a copy of a flyer circulated by one of our Senate staffers, until he was prudently stopped from doing so by one of his Senate staff colleagues. (All of us working in the negotiating sessions were blissfully unaware of the shenanigans going on among the scores of observers waiting in the hallways and anterooms.)

The final paragraphs can be used as a DAR item as appropriate or desired.

Climate Change Update No. 8: SBI Concludes its Work; AGBM "Non-Groups" Continue Theirs; Staffdel Begins its Contacts with Developing Countries

SBI Concludes its Work with Some Good Results

The Subsidiary Body on Implementation concluded its work for this session after a late night meeting on August 4th and during a short, final session on August 5th. The most contested issue -- when to discuss the adequacy of commitments and the question of annexes and the date and timing of COP-4 -- were agreed in ways quite acceptable to the U.S. A much divided G-77/China was gradually brought along to agreeing to the Chairman's proposed language to "consider" the second review of adequacy at COP-3, and that this item also be placed on the agenda for COP-4. It was also decided that COP-4 will be held in Bonn in November 1998, unless another proposal to host the conference is received. (We will all root for Buenos Aires in September, as a very unconfirmed rumor has suggested; aside from the venue, the November meeting currently coincides with Thanksgiving.)

AGBM Non-Groups Continue their Work

Non-groups on institutions, QELROS, and policies and measures all met on August 4 and 5. A QELROS contact group on compensation was scheduled to meet on Tuesday afternoon. At the QELROS discussions themselves, the group continued to work through the text. On Tuesday, differentiation was discussed at some length with Australia taking the lead. A detailed report will follow tomorrow. Suffice it to note that this group will probably require at least two more sessions, if it is to get through its portion of the wieldy text.

Institutions is doing somewhat better, but it is scheduled to have only one more meeting. With the UK's Patrick Szell (the Chair of the AG-13 deliberations) taking the lead, a discussion about the desirability of having a multilateral consultative mechanism in the protocol was discussed; however, Szell found little support for this idea around the floor. On compliance, it was decided that additional information is needed before coming to any conclusions. It was also decided that decisions will be made by Parties to the Convention, alone, and not by Parties to the Convention. Voting was also discussed, with consensus being favored by some Parties (Saudi Arabia); double majorities by others (Switzerland), but with the bulk of the room wanting to stay with the current Convention practices.

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The "non-group" on policies and measures met for the first time on Monday afternoon and is scheduled to resume its work on Wednesday. Much of the time was spent arguing over the status of the EU-prepared non-paper on this subject. Was it to be the sole basis of negotiation or not? It was finally decided that the paper could be included in the discussion along with other proposals -- including our own which stipulates that no specified policies and measures are needed in this section of the text (in contrast to the multiple page listing of measures in the EU's three annexes of mandatory, harmonized and voluntary measures.

Annex X -- the EU version of our Annex B proposal -- also came under attack from several developing countries who view it as being clearly outside the Berlin Mandate. Kuwait and Mexico argued for the removal of the specific mention of both countries made in Annex X. The U.S. also asked a number of questions about the process that the EU envisions for PAMs. Bert Metz of the Netherlands (the leading proponent of PAMs within the EU) tried, with some annoyance and with mixed success, to respond to these various questions (saying at one point that "we can improve flexibility by taking away the obstacles which prevent harmonized action"????).

Staffdel Begins "Reaching Out"

We met with staffdel after our morning delegation briefing to work out the mechanics for their meetings with China, the Philippines, India, Zimbabwe, and Brazil over the next two days. They insisted they will not attempt to describe their positions (largely opposing the current climate negotiating process with varying degrees of subtlety). We understand that Alden Meyer, a prominent NGO, has also arranged for the group to meet with AGBM Chairman Estrada this afternoon. We will attempt to gauge his reaction at this evening's "Friends of the Chair" dialogue. We also heard that the auto representatives here tried to encourage two staffdel members to raise their concerns about emissions trading with the Russians. It is not clear if this contact was ever undertaken.

The members of the staffdel are as follows: From the Senate: Patricia McNerney (Helms); Kenneth Peel (Hagel); David Garman (Murkowski); and Martin McBroom (Byrd). From the House: Cathy Van Way (Shaeffer); Susan Sheridan (Dingle); Dennis Fitzgibbons (forget).

NGOs Busy but Composed

The two Monday night briefings were attended by over 60 business NGOs and about 25 environmental representatives. Questions from business focused on the PAMs

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discussions; on the role of developing countries; on the expected outcomes from this meeting; and on the QELROS discussion on gas coverage. Questions from the environmentalists focused heavily on the numbers issue. They took the EU line that we need a number before structure and expressed concern about our flexibility proposal. They also asked questions about the "hot air" (UK talk for "paper tonnes") but appeared satisfied by the answer given.

Bilats with the French, Russians, and Koreans

At an August 4th meeting with French Ambassador Philippe Louet, we explained our protocol, expressed skepticism about the EU targets -- noting that they are not helpful to the process -- and outlined the increased importance we attach to a role for developing countries. In the context of the non-binding Senate resolution, this policy may now be reviewed as we move towards the October negotiations.

Louet responded that he, too, has important domestic concerns. He commented that the new French environment minister is from the green party, and that she is even more insistent than her predecessor in having a successful result at Kyoto. The Ambassador added that he does not see France backing down from the numbers listed and then remarked rather wryly that he had received only one instruction in Paris: "Defend the bubble!"

The August 5 meeting with Russian head of delegation Bedritsky (accompanied by Alexander Karpov who served as translator) focused on emissions trading and joint implementation. As an aside, it is quite clear that the Russian language text of our proposals does not offer much clarity in translation, and DOE's Rick Bradley and EPA's Sharon Sailes performed 'yeopersons' service in explaining these and other concepts to Bedritsky. On the recent Moscow meetings, Bedritsky noted that he had not been invited ((by either the Russians or the Americans (?)) which is why he had not participated. He evidenced his interest in both JI and trading, asked several questions and left us with the impression that whatever injured feelings there may have been no longer prevail. He voiced support for October 13/14 as possible dates for the next climate policy sub-group meeting in Moscow and supported the idea for both a round table and a forest experts meeting in parallel. He said he will respond formally to all of these suggestions in his response to a letter from Rafe Pomerance.

In a subsequent chit-chat with Bedritsky/Karpov, the reporting officer noted Senate resolution and that its advice was being taken under advisement in the administration. It is too early to tell the impact of this resolution on U.S. policy which, in any case, will be undergoing a review in the lead-up to the October round of negotiations.

The early morning meeting on August 5 between five of us Hambley/Reifsnnyder/

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Pershing/Doniger/Bradley) and four Koreans (lead by MFA and MOTIE) was more like a friendly show down than a change of views. We indicated our deep disappointment that the Koreans had not followed up on our early April visit by one in May from Korea to Washington, as anticipated, to further our joint understanding of Annex B. We noted that the Senate resolution (which they had seen) would put more, rather than less, pressure on Korea to live up to the understandings its undertook when it joined the OECD.

Mr. Park, speaking from the MFA, tried to sound conciliatory and to put the best face on a difficult situation. Using more than a dozen different attempts, he tried to demonstrate why Korea is not in a position to join Annex B now. The MOTIE representative was even more blunt, even belligerent (although this may only have reflected his natural personality) in trying to make Korea's case, resorting at one point to an E Theta D formulation which only Dr. Pershing understood and could respond to.

Mr. Park noted that, while he had attacked the EU's Annex X proposal at Monday's meeting, he took great pains to explain that no mention had been about our Annex B. We called him on this and told him that it would be appreciated if he at least said something in favor of the concept. Mr. Park indicated that Seoul will keep this issue under advisement. We suggested that it should be kept under active advisement, as we would hope to revisit the topic again in the near future.

The following paragraphs can be used as a DAR item as desired or appropriate:

Climate Change Update No. 8: SBI Concludes its Work; AGBM "Non-Groups" Continue Theirs; Staffdel Begins its Contacts with Developing Countries

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Notes from SBI Informal Sessions on Friday, August 1, 1997

A contact group met on Friday morning to discuss preparations for COP3 and COP4. The highly contentious debate continued when the SBI met in informal session later on Friday afternoon to consider also contact groups' texts on review of Annex 1 national communications, the financial mechanism, and division of labor between SBI and SBSTA. The contact groups' texts on the financial mechanism and division of labor were adopted to forward to the SBI formal session on Tues., August 5. (The latter text was to include a minor editorial change in the latter text.) The decision on review of non-Annex 1 communications was agreed with the reservation that it needed to be taken back to the G-77 and China one more time, and would be taken up again on Tuesday. The remainder of the afternoon was spent on continued debate concerning whether review of Art. 4.2(a) and (b) commitments and review of Annexes I and II would be on the agenda for COP3. China, India, Saudi Arabia and Malaysia were firmly aligned to prevent COP3 consideration of these topics, while the US, Canada, and the EU stood firmly supporting these items for the COP3 agenda. Much of the debate concerned whether there would be adequate time for the Secretariat to prepare the information needed prior to COP3. Ambassador Hambley made a strong intervention outlining the substantial body of information that is already available from the first review of adequacy of commitments, on review of second communications from Annex 1 Parties, and the Technical Reports of the IPCC on the environmental effects of GHG scenarios and on regional impacts of climate change. The Netherlands, on behalf of the EU, noted also the language tentatively decided by SBI in this session requesting the Secretariat to prepare a report for the October 1997 session of SBI on the content of Annex I communications, which will also add to the body of material available to COP3. The Netherlands also asked the Secretariat to address whether it would be able to adequately prepare necessary information for COP3, to which the Secretariat replied affirmatively. To the question of whether COP4 would be held in 1998 or 1999, China indicated that it would hold rigidly to its insistence that COP4 be held in 1998. Turkey had intervened in the morning session stressing its strong interest in having the Annexes reviewed by COP3 and noting the amendment proposed on its behalf. Chair Al-Ghaouf pointed out that Turkey is not allowed to intervene, as they are not yet a Party to the FCCC, and that they would have to find a Party's delegation to speak on their behalf. The session ended in stalemate, but with success in having bracketed text remaining asking that COP3 take up the reviews (much to China's frustration).

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AGBM-OELROs Non-Group Meeting Summary, Saturday Morning, Aug 2:**Flexibility: Emissions Trading and Joint Implementation**

The Chairman, Mr. Gylvan Meira de Filho of Brazil, chaired this session for discussion on flexibility issues, specifically emissions trading and joint implementation for credit. Basically, several Annex I countries strongly supported emissions trading and joint implementation (U.S., Canada, Australia depending on differentiated targets, Norway, and New Zealand), while several non-Annex I countries stated that they completely opposed trading, banking, borrowing as provisions beyond the scope of the Berlin Mandate, and that it was too early to consider Joint implementation provisions before the end of the pilot phase of AIJ, although they also stated strong support for flexibility. (Thailand for G-77/China, Saudi Arabia, Kuwait, Iran, Venezuela). The U.K. for the E.U. indicated that trading might offer some advantages, but that it would have to see an environmentally beneficial target before it would consider trading.

Interesting Interventions:

Costa Rica presented support for three specific elements of its proposal for Joint Implementation credits: 1) that countries with budgets would have to monitor national emissions rather than just domestic emissions to prevent against leakage of emissions not covered by the cap; 2) that the number of joint implementation credits allowed for use against a budget commitment would be limited (although they indicated that this limit could be applied to all Annex I Parties together as a block, rather than a limit on each individual Party; and 3) a discount rate that ensures that for every 2 tons of emissions reduction which were verified by the FCCC Secretariat, only 1 ton could be used for compliance with a budget commitment while the other ton would be invalid for use for the benefit of the environment.

The U.K. (for the EU) indicated two of their concerns with trading: trading would need to be supplementary to domestic policies and measures (they suggested a requirement that 60% of a Party's emissions reductions would have to be taken domestically as a reasonable safeguard), and "hot air" or "paper tons" are of no real benefit to the environment. They also stated that they felt that emissions trading proposals would need to have additional safeguards if the AGBM process did not result in their 7.5% reduction and 15% reduction targets, and that if there were no environmental benefit resulting from the agreed upon targets, then the EU would not support trading. They stated their preference for an emissions reduction credit trading system, and their strong preference for JI among Parties with QELROs (*Sharon's note: this is two ways of saying the same thing*). They also stated their concern that the monitoring and compliance provisions (especially if the trading system allowed Parties the option to delegate responsibility to private entities) could not be worked out prior to Kyoto. On JI, the EU also indicated that they believe that Joint Implementation for credit should not begin until the pilot phase is over.

Australia and Japan supported explicitly differentiated targets, while Norway supported the need for an equitable starting point. The EU and the U.S. indicated support for a flat rate for QELROs.

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The U.S. intervention stated that emissions trading and joint implementation have the enormous advantage of substantially reducing costs, that joint implementation can transfer information, technology and money to developing countries, that if we limit these options, one limits the incentive to engage in these projects, that public sector funding for these projects is declining but that ET and JI enhance private sector incentives, trading and JI are voluntary and so should not be blocked by those who don't wish to participate, that the EU bubble is just trading before the allocation, and that if you have a legally binding target, then you need to have clear measurement & compliance provisions, which, if assured, mean that trading is simple accounting. In addition, we indicated that we would consider the very interesting proposal from Costa Rica.

Compensation

Saudi Arabia was granted the floor, but declined, stating that they were expecting Thailand to make the first intervention for the G-77 and China. After a few minutes, Saudi Arabia took the floor, beginning their intervention with another statement indicating their surprise that Thailand hadn't already taken the floor. Saudi Arabia indicated that many countries would be affected if Annex I took actions to reduce emissions, including lower exports of commodities like fossil fuels, higher prices for imports due to higher energy prices in Annex I countries, and increased borrowing rates due to higher interest rates in Annex I countries. Citing Articles 4.8, 4.9, and 4.10 and the Berlin Mandate, called for the COP to establish a fund to compensate developing countries. They indicated that it was unlikely that there would be sufficient time to elaborate on the financial mechanism for this new fund, but wanted to get the principle to support compensation in the Kyoto agreement with further details to be elaborated by the Parties later. (Supported by Thailand for G-77/China, Kuwait, Iran, United Arab Emirates, Oman, Nigeria, and Venezuela, although not supported by the Chairman on behalf of Brazil).

The UK's intervention pointed out that the cited articles of 4.8 and 4.10 applied to all Parties to the Convention, and proposed then that all Parties would have to contribute to such a fund as proposed by Saudi Arabia. The U.K. indicated that it did not support such a financial mechanism. The U.K also pointed out that the word "compensation" did not appear in the cited FCCC articles.

The U.S.'s intervention indicated that since these FCCC provisions applied to all Parties, one would wonder if not only should all Parties contribute to such a fund, but also if all Parties should be compensated by such a fund. We also pointed out that several very crucial features of such a financial mechanism were not covered by the proposal, such as whether this fund was needed (i.e whether the costs of inaction were indeed greater than any costs imposed on developing countries by Annex I emissions reductions), and how much and how funds would get distributed, etc. We also clearly indicated that we did not support such a fund.

Both Argentina and Marshall Islands intervened to disagree with their developing country colleagues, and indicated that they opposed this compensation fund both on legal and environmental grounds. The Marshall Islands indicated that he was particularly concerned

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about the idea that any compensation would go to countries selling particular products for indirect economic impacts rather than actual physical damage due to climate change. Marshall Islands also indicated that the cost of a compliance fund would probably detract from the amount of resources available to implement emission reduction actions.

Japan and New Zealand also indicated their opposition. New Zealand pointed out that if developing countries were worried about economic impacts like the cost of borrowing money, then the developing countries should clearly support flexibility options like emissions trading which would lower the costs of Annex I emission reductions (and therefore also reduce the cost of the economic impacts on developing countries).

1. Kenya and Oman also supported the G-77/China position against emissions trading, banking, borrowing, and further refinements to JI prior to the end of the pilot phase.
2. Norway suggested that the AGBM is suffering from a problem with labels (AIJ, JI, trading, etc.), and suggested that we focus instead on what we are seeking to allow and how to establish appropriate safeguards. They stressed that, just because there is a Pilot Phase, we should not ignore JI. Indeed, they urged that it is important to establish an explicit link between the Pilot Phase and flexibility in the new agreement. They also stated that they believe a commodity approach [e.g. as in the US proposal] is essential.
3. Samoa, on behalf of AOSIS, expressed continued concern about JI with credit, saying that there have been few demonstrated results in this area to date and little time to resolve these issues before Kyoto. They would prefer to wait for a decision on JI until after the end of the Pilot Phase. However, they also noted the flexibility allowed in Art. 4.2(a) and (b) of the FCCC. Also, given their concern about vulnerabilities to climate change, they "could not close the door to opportunities" to help gain action in reducing GHG emissions.
4. Non-Chair Meira agreed that definitions of different types of flexibility are urgently needed, and indicated that he may establish a contact group on Monday to explore consensus language on "the structure of QELROs."

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AGBM-OELROs Non-Group Meeting Summary. Monday Morning, August 4:

The Chairman, Mr. Gylvan Meira de Filho of Brazil, chaired this session for discussion on impacts on developing countries, and measurement, reporting and communication of information. Essentially, this session established various contact groups to consolidate text on various issues for the delegates to agree on.

Possible Impacts on Developing Countries

Compensation

The chairman established a contact group to prepare a consolidated text on the compensation issue for the delegates to agree on. The United Kingdom, Saudi Arabia, Iran, Tanzania, United States, Kuwait, Thailand, Peru, Nigeria, and Oman agreed to participate on this contact group.

Emission Trading and Joint Implementation

The chairman established a contact group to deal with the issue of emission trading and joint implementation. This contact group will consist of the following countries: Denmark, Brazil, Netherlands, Nigeria, Philippines, Thailand, Australia, Nauru, European Union, Kenya, France, Germany, Canada, Sweden, China, Mexico, Korea, Russia, Japan, Kuwait, Oman, Saudi Arabia, Norway, United Kingdom, Peru, United States, Venezuela, United Arab Emirates, Costa Rica, Iran, Japan, New Zealand, Samoa, Switzerland and Italy.

Measurement, Reporting and Communication of Information

Measurement and Timing/Reporting

With regard to measurement, the chairman stated that it is essential that basic data be communicated in the best possible manner. He suggested that we use Article 12 of the Convention as a framework. As for the issue of timing, the chairman stated that it is clear that there is general consensus on the subject. A small contact group, which will feed into compliance contact group, was established and will consist of the United Kingdom, Japan, the Russian Federation, Iran, AOSIS and the United States.

Review of Information and Compliance

It was proposed that the issue of information and compliance be dealt with in Shibata's group. However, Samoa and the United States suggested that a narrow text be developed by the Secretariat first, and then presented to the group for review. In an effort not to compromise the Secretariat's role, the chairman will task the Secretariat with this responsibility.

Proposal on Voluntary Application by Non-Annex I Countries - Provision with Article 4.1G

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The chairman state that this issue will be dealt with on Tuesday, August 5th, and will consult with all authors on this proposal. The United States will be distributing some elaborations to its proposal to the delegates.

Use of Annex List for QELROs

It was decided by the chairman, based on comment by the United States, to drop this issue because such list have a tendency to 'freeze' countries on or off the list (in addition to the problem of ratification, if such list was modified).

Methodological Question on Gases

The chairman requested ideas from the delegates on the issue of establishing relative values of gases, and if the IPCC should be the source of these legal values for gases. France, the United Kingdom, and the United States stated a 'goal post' needed to be established (e.g. based on the IPCC) so that countries know what they're signing up for. However, it was pointed out by the majority of countries, that these values must be held constant for a given budget year.

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SBI/SBSTA Joint Group on Division of Labor

The joint SBI/SBSTA group, co-chaired by our own Ambassador Hambley, met over the course of three days to discuss the division of labor between SBI and SBSTA. The objective of this exercise was to divide the labor in such a way as to make "efficient use of time during meetings, to avoid confusion and to reduce the overall workload." Unfortunately, the group was unable to achieve this objective for itself!

The group looked at five issue areas: National Communications from Parties, Development and Transfer of Technology, Consultations with Non-Governmental Organizations, Activities Implemented Jointly, Research and Systematic Observation (add to the list by Malaysia), and Education, Training and Public Awareness. In approaching this task, the group tried, where possible, to identify which body will have overall responsibility on each issue area. Although this exercise started out simply trying to clearly define the responsibilities in each area, the UK with ample assistance from Germany, wanted clear overall responsibility assigned to one body. This, of course, slowed progress on the document since it is not always a simple or appropriate task. In the end, the UK introduced language which would call on the bodies to arrange agendas so that the same issue would not appear on the agenda at the same time, or if necessary joint sessions could be called for.

After much wrangling over the English language, the group was able to conclude its work, producing a non-controversial document that basically spells out the divisions of labor that currently exist in the Convention and other relevant decisions.

Debbie

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AGBM Non-Group on Policies and Measures Session 1

The non-group on Policies and Measures met August 4 to begin the task of compiling a consolidated text. This session focused mainly on a new EU non-paper consolidating their P&M text. Bert Metz, Netherlands, introduced the non-paper, giving the rationale for the need for policies and measures. He also noted the connection between Article 4.1 and policies and measures. At a previous informal session on policies and measures, both Canada and New Zealand attempted to get the EU to focus the discussion on P&M within the Advancement of Article 4.1 discussion.

Many developing countries spoke out against this proposal. Most notably, Korea and Mexico demanded that they be removed from the EU's Annex X since they are developing countries. Korea did it doesn't mean they won't do anything, and that they might be willing to join a new Annex provided it's voluntary. Other developing country concerns (many of which were shared and addressed by non-EU and eastern European developed countries) included the observation that the EU non-paper focused only on energy and is not comprehensive, that it doesn't reflect the range of views that exists, it doesn't provide enough flexibility and because of the way the EU has "arbitrarily inserted" Mexico and Korea the proposal is beyond the Berlin Mandate. There were also questions on the added economic value of the proposal. The US also asked several questions on the process that the EU envisions for P&M. Metz tried to address these concerns although not very satisfactorily and with just a touch of annoyance, particularly toward the US.

One notable exception among the developing countries was Argentina, who spoke in favor of the EU proposal. A consolidated text that includes all current positions on P&M's, including no need for this section is expected to be available Tuesday (8/5) afternoon.

Debbie

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JESSE HELMS, NORTH CAROLINA, CHAIRMAN

RICHARD G. LUGAR, INDIANA
PAUL COVERDELL, GEORGIA
CHUCK HAGEL, NEBRASKA
GORDON H. SMITH, OREGON
CRAIG THOMAS, WYOMING
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JOHN ASHCROFT, MISSOURI
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COMMITTEE ON FOREIGN RELATIONS

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FOR IMMEDIATE RELEASE
Friday, August 1, 1997

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U.S. Senate Rejects "Berlin Mandate"

Hagel: "Clinton Administration Must Change Course"

Washington, D.C. — The United States Senate has unanimously warned the Clinton Administration and international community that it does not support the Administration's current track in the negotiations for a U.N. Global Climate Treaty, and unequivocally rejects the so-called "Berlin Mandate."

On a vote of 95-0 on July 25, 1997, the Senate adopted S. Res. 98, the Byrd-Hagel Resolution. The resolution states that the U.S. Senate would not support a treaty that excludes 130 developing from binding commitments, or that would cause serious economic harm to the United States. The Administration is currently negotiating a treaty to be signed this December in Kyoto, Japan, that would not include the developing nations, such as China, Mexico, South Korea and India, in any binding commitments for greenhouse gas emissions.

As the U.N. negotiating session in Bonn, Germany got underway, Senator Chuck Hagel (R-Nebraska), one of the sponsors of the resolution, said, "The Byrd-Hagel resolution is a strong, bipartisan wake-up call to this administration and to our negotiating partners. This resolution rejects the current negotiating strategy of binding the United States and other developed nations to legally-binding reductions without requiring any new or binding commitments from developing nations. In addition, this resolution rejects any treaty or other agreement that would cause serious economic harm to the United States."

"The Byrd-Hagel Resolution is a complete rejection of the Berlin Mandate agreed to by the Clinton Administration in 1995 that exempts more than 130 'developing nations,' including China, Mexico, South Korea, India and Singapore."

"The Clinton Administration has proposed that the U.S. and other developed nations submit to legally binding controls of greenhouse gas emissions, but they will not be asking for legally binding commitments from the developing nations. The exclusion of these nations is a fatal flaw in this treaty. Therefore, the U.N. Global Climate Treaty, as being negotiated now by the Clinton Administration, cannot pass the first test of Byrd-Hagel — it will not include legally binding commitments from the developing nations."

- MORE -

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HAGEL — PAGE 2 of 2

Hagel added, "What about the second test of Byrd-Hagel — serious economic harm? One of the notable aspects of this issue is that it has united American business, labor and agriculture. In my hearings, we heard testimony from the AFL-CIO, the American Farm Bureau, the National Association of Manufacturers, and noted economists. They all agreed on one thing: the draft U.N. treaty now under consideration would have a devastating affect on American consumers, workers, farmers, and businesses.

"Even using conservative assumptions, Charles River Associates, an economic modeling firm, has estimated that holding emissions at 1990 levels would reduce economic growth by about 1 percent a year, rising to 3 percent in later years. That doesn't even consider Undersecretary of State Tim Wirth's long-term goal of achieving a 70% reduction from current emissions levels!

"What this means to everyday Americans is clear. The AFL-CIO has estimated that the treaty would mean the loss of 1.25 to 1.5 million American jobs. Energy prices would rise dramatically. Individual Americans will pay for this treaty — either in their electric bills, at the gas pump, or by losing their job.

"Why is the Administration rushing headlong into signing a treaty in Kyoto this December? The scientific data is inconclusive, at times even contradictory. The economic costs are clear, and devastating. This treaty would be a lead weight on our nation's future economic growth, killing jobs and opportunities for generations of Americans."

Finally, Hagel noted, "the United States political system is unique in the world, in that no treaty may go into effect until ratified by a two-thirds vote of the U.S. Senate. Passage of the Byrd-Hagel resolution shows that any treaty negotiated under the Berlin Mandate would fail overwhelmingly in the United States Senate."

Senator Chuck Hagel (R-Nebraska), as Chairman of the Senate Foreign Relations Subcommittee on International Economic Policy, Export and Trade Promotion, has jurisdiction over any global climate treaty. On July 31, 1997, Sen. Hagel was appointed by Senate Majority Leader Trent Lott (R-Mississippi) to be Chairman of the bipartisan U.S. Senate Global Climate Change Observers Group.

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THE UNITED STATES SENATE SPEAKS

"What is so important for this country to understand, what is more important for the parliamentarians of the world to understand, is that the President does not necessarily speak for this Senate. But what is critically important is that this Senate will speak for itself."

Senator Larry Craig, Chairman, United States Senate Republican Policy Committee (*Congressional Record* - July 25, 1997)

"I can not and I will not support committing the United States to limiting post-2000 greenhouse gas emissions."

Senator Richard Shelby, Chairman, United States Senate Select Committee on Intelligence (*Congressional Record* - July 25, 1997)

"I am still going to oppose this treaty."

Senator James M. Inhofe, Chairman, United States Senate Subcommittee on Clean Air, Wetlands, Private Property and Nuclear Safety (*Congressional Record* - July 25, 1997)

"All nations, all nations must take step now, at the time of the signing of the treaty, to begin limiting their emissions of greenhouse gases. Mere promises will not be sufficient. Mere promises will not get by this Senate."

Senator Robert C. Byrd (*Congressional Record* - July 25, 1997)

"The U.N. Global Climate Treaty as being negotiated now by the Clinton Administration cannot pass the first test of Byrd-Hagel."

"The U.N. Global Climate Treaty has no hope of satisfying the second test of Byrd-Hagel. It would clearly cause very serious economic harm to the United States."

Senator Chuck Hagel, Chairman, United States Senate Subcommittee on International Economic Policy, Export and Trade Promotion (*Congressional Record* - July 25, 1997)

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"The Administration's current go-it-alone plan regarding global climate change is grossly unfair to the United States.... We will not ratify any treaty which commits the United States to one set of standards to reduce gas emissions, but will let China, India, Mexico, and other developing countries off the hook."

Senator Craig Thomas, Chairman, United States Senate Subcommittee on East Asian Affairs (*Congressional Record* - July 25, 1997)

"The Byrd-Hagel Resolution would require developing nations to comply with the same regulations at the same time in the treaty as the United States.... Passage of this resolution will send a clear message to the administration...."

Senator Pat Roberts, Chairman, United States Senate Subcommittee on Production and Price Competitiveness (*Congressional Record* - July 25, 1997)

"Unfortunately - unfortunately - a fundamental error - I would use the word 'blunder' - a fundamental blunder was made in Berlin in that only the so-called developed nations, or Annex I nations, were to impose such a legally binding regime on themselves. Developing nations got a free pass.

The concept which is embodied in the Byrd-Hagel resolution is that developing country parties should join the developed world in making new specific scheduled commitments to limit or reduce greenhouse gas emissions within the same compliance period."

Senator Robert C. Byrd (*Congressional Record* - July 25, 1997)

"Senate Resolution 98, with its 65 co-sponsors, put the Administration on notice that an overwhelming and bipartisan majority of the United States Senate rejects its current negotiating position..."

"The Byrd-Hagel Resolution is a strong bipartisan wake-up call to the administration."

"What this broad, bi-partisan coalition of 65 Senators is saying is 'we need a new direction in these negotiations.'"

Senator Chuck Hagel (*Congressional Record* - July 25, 1997)

Bonn 3

4 August 1997

To: Please See the Attached Listing

From: Climate USDEL/Bonn -- Mark G. Hambley

Subject: Climate Change Negotiations, Update No. 7:
Report on Developments on August 3/4, 1997

This is one of a series of reports on meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change and its three subsidiary bodies which are being held in Bonn, Germany, between 28 July and 7 August 1997. This update provides informal observations on activities from Sunday, August 3rd through the morning sessions on August 4. Included, as well, is a detailed supplemental report on the QELROS "non-group" meeting on Saturday, August 2nd, prepared by EPA's Jane Leggett-Emil. We are also enclosing the August 4 editions of the "Earth Negotiations Bulletin" and of ECO, a less respected but wildly fun rag produced by various environmental groups.

Climate Change Update No. 7: Japan Responds; U.S. Labor Snubbed; while "Non-groups" on QELROS and Institutions Continue to Whittle Away at Text

AGBM Takes Stock (well, kinda)

Monday morning, August 4th, opened with a meeting of the AGBM plenary at which the schedule of meetings was discussed, NGOs and Business were heard from, and a stock-taking of progress to date was taken. Actually, the last part of the agenda consisted of reports from two of the Chairs from the QELROS "non-group" (Gylvan Meira of Brazil) and from the Institutions "non-group" (Takao Shibata of Japan) who basically repeated much of what they told the "Trattoria" Group (the expanded "friends of the Chair) on Saturday (please refer to Update No. 7).

Meira stated that a "bracketed" text on gas coverage could be presented (Note: This is a departure from Meira's August 2nd statement at the Trattoria meeting when he suggested that a "non-bracketed" text could be produced. End Note.) Shibata confirmed that his group had agreed on the need for an economy of institutions. He did not specifically mention the question of the financial mechanism, but as reported in Update No. 6, we expect the G-77 will attempt to raise this question anew.

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Japan Explains

In the presence (purely coincidental, we are told) of the Japanese Minister of State for the Environment, Ambassador Tanabe, the head of the Japanese delegation, said that no proposal on Japanese numbers, as outlined in Saturday's copy of ECO, had been made. He described the report as "erroneous speculation."

((Comment: Our Japanese friends are understandably upset by what they feel is a deliberate attempt to embarrass them; as the August 4th ECO issue suggests (the headline is "Japan: Truth or Dare?"). they are having difficulty in putting this story to bed. Tanabe made his report, as (presumably) Japanese news photographers took his picture and with some less than subdued mirthful giggling could be heard in the background from the NGO bleachers. End Comment))

NGOs, Business, and Local Communities Take to the Floor

Three speakers addressed the plenary from various major groups. Speaking for the environmentalists, Grace Akumoa (phonetic) from the Climate Action Network appealed to delegates to take action to reduce greenhouse gas emissions significantly. She cited a number of the expected impacts from global warming on developing countries; she attacked efforts by some "northern groups" to block progress; she defended efforts of LDCs to obtain more resources to meet their convention commitments; and she endorsed the AOSIS protocol (which calls, *inter alia*, for CO2 reductions of 20 percent by 2005).

Speaking for local communities, Virginia Sonntag-O'Brien (phonetic) noted all of the good CO2 reduction work being done by cities around the world. Although her tone was somewhat patronizing, she made credible arguments about the important role which cities can and are making in reaching their ambitious reduction targets (Toronto, for example, has already reduced CO2 emissions by seven percent from of a 2010 reduction target of 20 percent). Portland, Oregon, has achieved a three percent reduction, while Saarbrücken in Germany has managed a significantly larger one. O'Brien concluded that the only way for cities to keep up the momentum is for national governments to adopt ambitious targets, as well.

Norine Kennedy, from the U.S., delivered a well-prepared address on behalf of business and industry. Surprisingly (well, perhaps not so), Norine focused on the role of business in helping to sustain global economic growth and development. She made no specific reference to the current negotiations. She noted that business continually draws the attention of delegates to basic economic concerns and realities confronting the business community and outlined four elements which business feels are essential to sustain a healthy business environment.

U.S. Labor Apparently Snubbed

Missing from the speakers line-up were representatives from organized labor. They had been offered an opportunity to speak at the last meeting and were understandably miffed when they were informed they could not do so at this session. We expressed our support for their position, and indicated that we would have been prepared to intervene with the Secretariat had this fact been known prior to the Monday session. The representative of the United Mine Workers Union told us that they had learned about this development on Friday night. I told him that we had been in meetings at the Maritim Hotel throughout the day and could easily have followed up on this problem had we know about it. I regretted that they had not raised the matter with us at that time.

I will draft a letter to Michael Cutuyar expressing our disappointment that the labor unions were not permitted to speak. In the first instance, a precedent had been established at the last meeting; in the second instance, their ability to have their voice heard is consistent with our belief that this is an open process. Nevertheless, I expect we will hear more from our labor colleagues in the days ahead, including at the NGO/Business briefings scheduled for this evening.

OECD Countries Working the Compliance Issue

Over the weekend, members from various OECD countries met to discuss the possibilities of fashioning a common approach on compliance. No final decisions were taken. However, several common themes appear to have been commonly accepted. For example, it was decided that compliance cannot be discussed in the context of sanctions alone; we need to find a way to offer "more carrots than sticks" for an effective regime. It was agreed that another meeting should take place prior to this issue being raised again in the "institutions non-group" if at all possible. The Chair of this body (Shibata of Japan) will be preparing a text on compliance. These OECD Parties want to ensure that this text incorporates the ideas which they are developing.

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Things to Look For

With the end of this meeting in sight, we are endeavoring to hold additional bilaterals with various Parties and to try to protect ourselves from surprises. One which has apparently been aborted concerns the SBI's handling of the question of reviewing the adequacy of commitments, a review of annexes, and the issue of the timing for COP-4. A good text has now emerged from a tripartite contact group (Tanzania/UK/SBI Chair Al-Ghaouth) and will be discussed at the Common Interest Group (OECD plus the economies in transition) tonight and by the G-77 this afternoon. The proposal essentially agrees that the review of adequacy will start at COP-3 and continue at COP-4. Annexes will be reviewed at COP-3, as well, while COP-4 will be held in Bonn next November if no other country steps forward to claim that distinct honor to host. (Any interest in San Francisco in 1999?)

My first reaction to this proposal is that Tanzania, on this issue, does not represent China, India, or Saudi Arabia which have views completely in opposition to our own (and those of the EU) which are well-accommodated in the proposed draft text. We will see how far this proposal files before it gets shot down. In the end, the best outcome we might expect on this issue (if the G-77 continues its current policy of intransigence) might be to have no decision at this meeting.

More Bilaterals Planned

Additional bilaterals are planned with France today (at their request; probably on the implications of Byrd) and tomorrow with Korea (we will upbraid them on their reportedly negative attitude towards Annex B) and with the Russian Federation (basically a stroking session to repair any misunderstandings and to keep their support for trading and other aspects of our position on track).

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The following paragraphs can be used for a DAR item as desired or appropriate:

Climate Change Update No. 7: Japan Responds; U.S. Labor Snubbed; while "Non-groups" on QELROS and Institutions Continue to Whittle Away at Text

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In the presence (purely coincidental, we are told) of the Japanese Minister of State for the Environment, Ambassador Tanabe, the head of the Japanese delegation, said that no proposal on Japanese numbers, as outlined in Saturday's copy of ECO (an often satirical rag produced by environmental groups here), had been made. He described the report as "erroneous speculation."

Three speakers addressed the plenary from various major groups. Speaking for the environmentalists, Grace Akumoa (phonetic) from the Climate Action Network endorsed the AOSIS protocol (which calls, inter alia, for CO2 reductions of 20 percent by 2005. Speaking for local communities, Virginia O'Brien noted all of the good CO2 reduction work being done by cities around the world and concluded that the only way for cities to keep up the momentum is for national governments to adopt ambitious targets, as well. Norine Kennedy, from the U.S., delivered a well-prepared address on behalf of business and industry which made no specific reference to the current negotiations.

Missing from the speakers line-up were U.S. representatives from organized labor. They had been offered an opportunity to speak at the last meeting and were understandably miffed when they were informed they could not do so at this session. We expressed our support for their position. Damage control is underway. (Hambley)

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AGBM-QELROs Non-Group Meeting Summary. Saturday Morning. Aug 2:**Flexibility: Emissions Trading and Joint Implementation**

The Chairman, Mr. Gylvan Meira de Filho of Brazil, chaired this session for discussion on flexibility issues, specifically emissions trading and joint implementation for credit. Basically, several Annex I countries strongly supported emissions trading and joint implementation (U.S., Canada, Australia depending on differentiated targets, Norway, and New Zealand), while several non-Annex I countries stated that they completely opposed trading, banking, borrowing as provisions beyond the scope of the Berlin Mandate, and that it was too early to consider Joint implementation provisions before the end of the pilot phase of AJJ, although they also stated strong support for flexibility. (Thailand for G-77/China, Saudi Arabia, Kuwait, Iran, Venezuela). The U.K. for the E.U. indicated that trading might offer some advantages, but that it would have to see an environmentally beneficial target before it would consider trading.

Interesting Interventions:

Costa Rica presented support for three specific elements of its proposal for Joint Implementation credits: 1) that countries with budgets would have to monitor national emissions rather than just domestic emissions to prevent against leakage of emissions not covered by the cap; 2) that the number of joint implementation credits allowed for use against a budget commitment would be limited (although they indicated that this limit could be applied to all Annex I Parties together as a block, rather than a limit on each individual Party; and 3) a discount rate that ensures that for every 2 tons of emissions reduction which were verified by the FCCC Secretariat, only 1 ton could be used for compliance with a budget commitment while the other ton would be invalid for use for the benefit of the environment.

The U.K. (for the EU) indicated two of their concerns with trading: trading would need to be supplementary to domestic policies and measures (they suggested a requirement that 60% of a Party's emissions reductions would have to be taken domestically as a reasonable safeguard), and "hot air" or "paper tons" are of no real benefit to the environment. They also stated that they felt that emissions trading proposals would need to have additional safeguards if the AGBM process did not result in their 7.5% reduction and 15% reduction targets, and that if there were no environmental benefit resulting from the agreed upon targets, then the EU would not support trading. They stated their preference for an emissions reduction credit trading system, and their strong preference for JI among Parties with QELROs (*Sharon's note: this is two ways of saying the same thing*). They also stated their concern that the monitoring and compliance provisions (especially if the trading system allowed Parties the option to delegate responsibility to private entities) could not be worked out prior to Kyoto. On JI, the EU also indicated that they believe that Joint Implementation for credit should not begin until the pilot phase is over.

Australia and Japan supported explicitly differentiated targets, while Norway supported the need for an equitable starting point. The EU and the U.S. indicated support for a flat rate for QELROs.

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The U.S. intervention stated that emissions trading and joint implementation have the enormous advantage of substantially reducing costs, that joint implementation can transfer information, technology and money to developing countries, that if we limit these options, one limits the incentive to engage in these projects, that public sector funding for these projects is declining but that ET and JI enhance private sector incentives, trading and JI are voluntary and so should not be blocked by those who don't wish to participate, that the EU bubble is just trading before the allocation, and that if you have a legally binding target, then you need to have clear measurement & compliance provisions, which, if assured, mean that trading is simple accounting. In addition, we indicated that we would consider the very interesting proposal from Costa Rica.

Compensation

Saudi Arabia was granted the floor, but declined, stating that they were expecting Thailand to make the first intervention for the G-77 and China. After a few minutes, Saudi Arabia took the floor, beginning their intervention with another statement indicating their surprise that Thailand hadn't already taken the floor. Saudi Arabia indicated that many countries would be affected if Annex I took actions to reduce emissions, including lower exports of commodities like fossil fuels, higher prices for imports due to higher energy prices in Annex I countries, and increased borrowing rates due to higher interest rates in Annex I countries. Citing Articles 4.8, 4.9, and 4.10 and the Berlin Mandate, called for the COP to establish a fund to compensate developing countries. They indicated that it was unlikely that there would be sufficient time to elaborate on the financial mechanism for this new fund, but wanted to get the principle to support compensation in the Kyoto agreement with further details to be elaborated by the Parties later. (Supported by Thailand for G-77/China, Kuwait, Iran, United Arab Emirates, Oman, Nigeria, and Venezuela, although not supported by the Chairman on behalf of Brazil).

The UK's intervention pointed out that the cited articles of 4.8 and 4.10 applied to all Parties to the Convention, and proposed then that all Parties would have to contribute to such a fund as proposed by Saudi Arabia. The U.K. indicated that it did not support such a financial mechanism. The U.K. also pointed out that the word "compensation" did not appear in the cited FCCC articles.

The U.S.'s intervention indicated that since these FCCC provisions applied to all Parties, one would wonder if not only should all Parties contribute to such a fund, but also if all Parties should be compensated by such a fund. We also pointed out that several very crucial features of such a financial mechanism were not covered by the proposal, such as whether this fund was needed (i.e. whether the costs of inaction were indeed greater than any costs imposed on developing countries by Annex I emissions reductions), and how much and how funds would get distributed, etc. We also clearly indicated that we did not support such a fund.

Both Argentina and Marshall Islands intervened to disagree with their developing country colleagues, and indicated that they opposed this compensation fund both on legal and environmental grounds. The Marshall Islands indicated that he was particularly concerned

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about the idea that any compensation would go to countries selling particular products for indirect economic impacts rather than actual physical damage due to climate change. Marshall Islands also indicated that the cost of a compliance fund would probably detract from the amount of resources available to implement emission reduction actions.

Japan and New Zealand also indicated their opposition. New Zealand pointed out that if developing countries were worried about economic impacts like the cost of borrowing money, then the developing countries should clearly support flexibility options like emissions trading which would lower the costs of Annex I emission reductions (and therefore also reduce the cost of the economic impacts on developing countries).

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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 1 AUGUST 1997

The Chair of the *Ad Hoc* Group on the Berlin Mandate (AGBM) held a morning briefing for observers on Thursday's work in the non-group sessions. On Friday, the non-group on elements related to institutions, mechanisms and introductory and final clauses met in a morning session. The non-group on elements related to quantified emission limitation and reduction objectives (QELROs) met in an afternoon session. The non-group on elements related to advancing the implementation of existing commitments in Article 4.1 met throughout the day. The chairs of SBI informal groups reported on their progress in an afternoon session.

OBSERVER BRIEFING

AGBM Chair Raúl Estrada-Oyuela (Argentina) stated that negotiations are at an advanced stage and closed sessions were necessary to produce results. He also recognized the need to keep intergovernmental and non-governmental observers informed and said morning briefings would be held throughout the week.

Luiz Gylvan Meira Filho (Brazil), Chair of the non-group on QELROs, reported that delegates had been "extremely cooperative" and refrained from reiterating justifications for their positions. The group focused on which greenhouse gases (GHGs) to include in the agreement and whether to adopt a gross or net approach. On coverage, he said consensus is likely for including a list of gases and expressed hope that discussions would produce a well-defined mechanism for adding more gases in the future. On whether to adopt a gross or net approach, he said the group would submit alternatives with and without carbon sinks. He said the group would next consider units of emission, mass per year and how to weight the contributions of each gas to climate change.

Evans King (Trinidad and Tobago), Chair of the non-group on Article 4.1, reported that the group had begun by considering material in clusters and reorganizing material in the chapeau, which refers to advancing the implementation of commitments and the Berlin Mandate. He said a solid foundation had been laid for work on the text, and he would propose that the group complete a first reading of the section to streamline the text.

Takao Shibata, Chair of the non-group on institutions, mechanisms and final clauses expressed hope that his group could build agreement on the issues that are somewhat peripheral to the core issues under debate. A representative from the International Chamber of Commerce (ICC) protested the exclusion of NGOs from the non-group sessions.

NON-GROUP ON ARTICLE 4.1

The delegates continued negotiations on the draft text by the non-group chair. Several paragraphs within the text were deleted including those that called on Parties to: recognize the progress that has been made on 4.1, reaffirm their commitments to 4.1; and to develop further international cooperation on the basis of mutually beneficial incentive structures. One delegation called for the preparation of national inventories on an annual basis. Some non-Annex

I countries opposed annual inventories because of financial and technical limitations. Many countries proposed the deletion of a paragraph calling for cooperation to facilitate mitigation and adaptation to climate change. Non-Annex I countries noted a strong objection to the paragraph calling for specific definitions on policies and measures. One delegate proposed that all Parties under the Convention engage in transfer of technology. Paragraphs noting the role that development and transfer of technology should play and calling for entities entrusted with operation of the financial mechanism to make available financial assistance for the introduction of technology were deleted.

On Saturday, 2 August, the non-group on Article 4.1 continued discussing the Chair's text until 2:00 pm. The Chair will produce a new text for further discussion that will contain alternatives for articles lacking consensus.

NON-GROUP ON QELROs

Interest was shown in the budget or multi-year approach with the proviso that budget schedules begin promptly and not extend over a long time period. On proposals for a banking approach, some Parties suggested using limits on borrowing to penalize non-compliance. Parties broached the issue of whether the base year measurement should be fixed or averaged. Flexibility in this regard was considered for the economies in transition, as they would have most to lose from averaging out a base year figure.

There was general support for a strong compliance regime with penalty provisions. One Annex I Party reportedly called for the use of "review teams" of experts as opposed to SBSTA. A penalty system of imposing percentage increases in the required emissions reductions for non-compliance was also raised. Others sought a shift away from penalties and towards realizable targets. A proposal linking the annual rate of GHG emissions to the increase in global mean surface temperature was called into question when it was suggested that this new modeling process would slow progress.

On Saturday, 2 August, the non-group discussed, *inter alia*, a compensation mechanism for the effects of response measures.

NON-GROUP ON INSTITUTIONS AND MECHANISMS

The Chair offered to produce a consolidated text to facilitate discussion on numerous proposals on the table. A discussion took place on the criteria for inclusion of proposals. The Chair indicated that equivalent proposals would be merged and those containing direct quotes from the FCCC would be altered to include references to specific FCCC articles. Regarding the subsidiary bodies and the Secretariat, there was broad agreement that those serving the Convention should also serve the Protocol.

There were differing views on whether the same Conference of the Parties should serve the Convention and the Protocol. There was a proposal whereby the COP would operate for both instruments, but each of these would have its own bureau. There was another proposal to establish a Meeting of Parties to the protocol or legally binding instrument. An FCCC provision stating that only the protocol Parties shall take decisions under the protocol was reiterated.

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SBI INFORMAL GROUPS

In an informal meeting, SBI heard reports from the chairs of contact groups on outstanding issues. On review of the financial mechanism, a contact group produced a text on 31 July that contains bracketed references noting the work done by GEF since its inception and the initial concerns raised so far by some non-Annex I Parties on their experiences with the financial mechanism. In a section welcoming the outcome of UNGASS, the text contains bracketed references recognizing that implementation of commitments made under international environmental treaties can be promoted by: secure, sustained and predictable financial support; sufficient institutional capacity; human resources; and adequate access to technology.

A bracketed option states that SBI decides to appoint the GEF as the financial mechanism of the Convention and shall initiate arrangements for Parties to further consider GEF's activities, including a method for Parties to raise issues in the SBI with regard to the financial mechanism's performance. A bracketed alternative would have SBI decide that the GEF will continue as the financial mechanism on an interim basis pending the review by COP-4. This text will be annexed to SBI's draft conclusions, under which SBI decided to defer consideration of this issue until its next session. SBI urged all Parties to submit their views on the financial mechanism no later than 8 September.

On national communications, an informal contact group will meet again prior to SBI's final meeting on Tuesday. The Chair's draft conclusions under consideration contain proposed language under which SBI would: express concern at the non-submission of communications by many Annex I Parties; request a report on progress achieved in returning emissions to 1990 levels and projected emission by 2000 by each Party based on their national communication; and request Annex II Parties to provide detailed information in accordance with Article 12.3, which calls for information on financial resources, adaptation assistance and technology transfer.

A draft decision on division of labor between SBSTA and SBI was approved. The decision outlines the general approach, under which one of the bodies will take the overall responsibility in considering an issue and will request specific inputs from the other body. Where overall responsibility is not assigned, agendas should be organized to avoid SBSTA and SBI dealing with such issues in parallel. Where this is not possible, consideration should be given to holding *ad hoc* joint sessions.

SBI will have responsibility for developing guidelines on the processes for consideration on national communications and considering the information contained in national communications and other relevant documentation. SBSTA, in cooperation with SBI, shall have responsibility for developing guidelines for the provision of comparable information including all related methodological issues, and shall consider national communications such as technical papers, with the aim of, *inter alia*, verifying methodologies used.

SBI will, with input from SBSTA, have responsibility for assisting the COP in the assessment and review of the effective implementation of the Convention with respect to the development and transfer of technology. As stipulated by the Convention, the SBSTA shall have responsibility for providing advice on all scientific, technological and methodological aspects.

SBI will have overall responsibility for all policy questions and relevant inputs related to issues dealing with NGO consultations, as appropriate. Should SBSTA or any other subsidiary body conclude that NGOs could provide relevant input on an item being considered, that body could seek and consider such inputs. Issues involving provisional accreditation related to individual NGOs will be the responsibility of the relevant body.

On activities implemented jointly, SBSTA will have responsibility for developing the framework for reporting, including consideration of scientific, technical and methodological aspects. SBSTA will also prepare a synthesis report of activities for the COP. SBI will have the responsibility for assisting the COP with reviewing the progress of the activities implemented jointly under the pilot phase, on the basis of inputs by SBSTA.

SBSTA will have overall responsibility for issues related to research and systematic observation and shall play a coordinating role in such activities related to implementation. SBSTA will also have overall responsibility for providing advice on education, training, public awareness programmes and public access to information.

Delegates continued to debate draft conclusions on arrangements for COP-3, particularly with regard to a proposal that the Secretariat make all necessary preparations for COP-3 to conduct the second review of the adequacy of Article 4.2 (a) and (b) and the review of Annexes I and II. Debate also centered on text describing the dates of the high-level segment and noting that the COP President will promote informal dialogue among ministers and heads of delegations. On arrangements for COP-4, draft conclusions contain bracketed alternative dates stating that the COP will be held either in November 1998 or early 1999.

IN THE CORRIDORS

An international business NGO used the first briefing for observers to protest the decision to hold negotiations in closed non-groups. Business representatives later indicated that they would be discussing the matter with national governments in the hope of reversing the decision in time for AGBM-8 in October. While conceding the requirement for closed negotiations in the later stages of the process, business representatives expressed dismay at the decision to go into closed sessions when negotiating positions of countries are well known.

An environmental NGO representative indicated that the AGBM decision on access had been anticipated. Nevertheless, there were concerns that a precedent has been set - one that will not go unchallenged when NGOs next meet with the AGBM Chair and Parties. To the suggestion that negotiations might advance with more openness in closed sessions, an NGO representative said there had been no evidence of this to date.

IN THE CORRIDORS II

With non-groups working to cull down the number of positions in working texts, delegates and observers noted little movement on major issues in AGBM negotiations. Discussions outside the non-groups aimed at developing common positions among groups of countries have begun on such issues as the commitments of non-Annex I countries and the basis and form of emissions reductions. Some stated that progress seems slow for this stage of the process, while others commented that clearly defining options is sufficient at this stage.

THINGS TO LOOK FOR TODAY

AGBM: AGBM is expected to meet at 10:00 am in the Maritim Room.

The Linkages WWW-server, in addition to the daily ENB reports, now features photos and Real Audio recordings, including excerpts from Chair Estrada's and Executive Secretary Zammit-Cutajar's opening statements. The Linkages site can be found at <http://www.iisd.ca/linkages/climate/climate.html>.

eco

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AUGUST
PROZAC
ISSUE

Eco has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the Climate Negotiations in Bonn, July-August 1997.

Japan: Truth or Dare?

Over the weekend rumours continued following the report in the *Yomiuri Shinbun* newspaper on August 1 that Japan has proposed a target to the USA. Subsequent press reports from Japan have added further information to that reported in the *Yomiuri* story (see *Eco* of 2 August). Japanese officials at the AGBM have declined to comment on the reports and some US officials have denied that there was any approach on this subject.

Eco has further pieced together the elements of this "proposal".

Based on Japanese media reports the best guess that can now be made is that it would require Parties whose emissions are above a per capita limit of 3.0 tonnes of carbon per capita to reduce their emissions to a level at or below 1990 levels in absolute terms by around 2010. Parties whose emissions are below this per capita limit would have to stabilize at their 1990 per capita emissions by around 2010. For these Parties their absolute emissions could

grow in proportion to their population growth over this period. For Japan this would amount to around a 3% increase (based on 1994 UN Population Div. estimates). (An alternative formulation would allow Parties who are below the per capita limit to increase to this limit by 2010, as outlined in *Eco* of 2 August; however officials insist that this is not what the proposal that has not been made means).

If the Japanese proposal would require Parties above the 3.0t/cap limit only to reduce to 1990 levels in the year 2010 then overall Annex I emissions would be allowed to rise by around 1% over this period, and the EU's emissions by around 2%. If the proposal requires a 5% reduction by Parties above the limit then overall Annex I emissions could increase by 2.6% and the EU would just have to stabilize. With a 15% reduction by Parties above the limit then overall Annex I emissions could increase by 9% and the EU would just have to

continued on back page, col. 1



Australian Foreign Minister Alexander Howard lays BARE his feelings on the net approach

Cutting Carbon for Fun and Profit

In stark contrast to industry doom-and-gloom forecasts of economic loss from action to confront the global warming threat, two recent studies demonstrate how the United States and Canada can accelerate the use of innovative clean energy and transportation technologies in every sector of the economy, and by so doing, create new industries and jobs, save consumers money, and greatly reduce greenhouse gas emissions.

The analysis of U.S. energy options, *Energy Innovations: A Prosperous Path to a Clean Environment*, was published in June by the Alliance to Save Energy, the American

Council for An Energy-Efficient Economy, the Natural Resources Defense Council, the Tellus Institute, and the Union of Concerned Scientists. The study contrasts the *Present Path* of continued inefficient fossil-fuel-dependent energy production and consumption with an *Innovation Path* that accelerates the introduction and adoption of new technologies such as:

- advanced building designs that save energy and cost less to build;
- high efficiency heat pumps, appliances and lighting in homes and the workplace;
- innovative fuel cell and hybrid vehicles that get 30-80 miles per gallon;

- new energy and resource-efficient industrial processes;
- advanced wind turbines, biomass and solar technologies for generating electricity;

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eco

From the closed meetings on QELROS and advancing commitments under Article 4.1. last week, we sensed a great deal of depression and disappointment amongst developing country delegations. These feelings perhaps stem from the strong desire of many countries within the G77 and China group to see some common ground in a united position on reduction targets.

You will recall that at AGBM-6, the Group of 77 and China came to an agreement to a proposed text calling for a reduction in GHG emissions by ___% of 1990 levels by 2005 and a further reduction by ___% of 1990 levels by 2010.

There are indications that the members of the group wish to see actual numbers in the proposal. Whatever these may be, they have to be significant. And we have seen a good number of members encouraging the Group to move in this direction. In particular, there have been efforts to consolidate four QELROS proposals from within the Group. This has clearly sent positive signals to those wishing to see advances in the coming week's negotiations.

We cannot overemphasize the critical role of developing countries in moving the AGBM-7 process forward. At the end of this week, Annex I parties must return to their capitals with a strong statement from developing countries pushing for a successful outcome from COP3.

Some members of the group may be considering waiting until AGBM-8 for this developing country movement to

come together. That would be too late. Annex I parties will have their own numbers and targets by then and G77 would have lost a major opportunity to influence this process. It must be borne in mind that the greater part of the enormous social, economic and ecological costs of any inaction will fall on the poor and poorer countries.

Developing countries are well aware of the unprincipled efforts from certain quarters to derail the Kyoto process. Last week, we heard numbers and formulae that only seek to avoid significant reduction targets. The challenge for G77 and China is therefore to become positive elements to this debate.

This is probably the last chance for the Group to influence the outcome of the Kyoto negotiations. We hope that the discomfort felt within it will lead to a unified action.

MDBs' Hot Lending Policy?

by Petr Hlobil, CEE Bankwatch Network

As delegates continue to deliberate how best to respond on climate change, MDBs are actually adding coal to the fire. *Changing the Earth's Climate for Business*, a recent report by a group of experts lead by the Institute for Policy Studies, examines fossil fuel projects financed by the World Bank since signature of the FCCC in 1992. The report's findings clearly show that the World Bank Group has not heeded the warnings of Rio: Instead it has financed fossil fuel projects around the world whose cumulative emissions contribute at least 36 billion tons of carbon dioxide into the Earth's atmosphere; current annual emissions of carbon dioxide for the planet are now about 28 billion tons.

The European Investment Bank's track record is similarly poor. For example, out of 1,333 million USD lent to the energy sector in Eastern Europe since 1990, 1,178 million USD were spent on fossil fuel-based projects. The European Bank for Reconstruction and Development, on the other hand, has recently taken more positive action. Following the establishment of a dedicated energy efficiency unit, the EBRD finally struck gold in 1996, with 7 energy efficiency loans, totalling 278 million USD, while 2 "traditional" energy projects totalling 152 million USD.

How can delegates ensure that MDBs no longer spend their taxpayer's money on climate warming? The Canadians' proposal on P&Ms tabled at AGBM 6 was a step in the right direc-

tion. It called upon parties to urge MDB lending to economies in transition (EITs) for a range of measures promoting energy efficiency and GHG abatement technologies. This proposal reappears in a non-paper circulated by the EU delegation earlier this week. A US proposal on the same subject, for strengthening article 4.1. commitments, is much less concrete on the other hand, and would not be effective in placing meaningful obligations on MDBs.

East European governments, in particular, should use this opportunity to support the Canadian and EU initiatives, to ensure that MDBs in their countries will begin harnessing the large energy efficiency and GHG reduction potentials available.

In last week's SBSTA and SBI discussions, several developing country delegates expressed concern over the lack of progress in the area of technology transfer. In some countries, the private sector is beginning to overtake MDBs in energy and industry investments. The challenge therefore is to maintain consistency in public sector financing and create an enabling environment for the private sector to engage in climate-friendly activities.

It is clear that a major reorientation of the World Bank and others' lending practices is required. In their continuing quest for a strong Kyoto protocol, delegates must ensure that MDB actions are consistent with the spirit of the convention, and that the Bank's finally learn to say no to fossil fuel projects. Just say NO!



Still contemplating Ps and Os, 2050

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Cities' Win-Win

On Friday, three cities presented convincing evidence that the "Toronto" 20% CO₂ reduction target is achievable. They also reported that their policies to reduce greenhouse gas emissions have produced significant multiple benefits that are helping, rather than hurting, the local economy.

Those striking results were presented by Portland, U.S., Saarbrücken, Germany, and Toronto, Canada in a special event on Friday. An interim report to the COP, *Local Government Implementation of Climate Protection*, is available to delegates.

All three cities politically adopted targets and timetables for CO₂ reductions before the FCCC came into effect. Since then, they have:

- invested \$75 million in CO₂ reduction measures, about \$50 per capita (excludes transit) and \$18 million to make municipal facilities more energy efficient, the latter achieving 75,000t CO₂ reduction p.a.
- spent over \$1 million on public education
- implemented successful community-wide programs that stimulate energy efficiency investments in commercial and residential buildings
- developed over 1.5 megawatt of solar and wind energy sources

As a result of their measures, the three cities have reduced greenhouse gas emissions up to 15% since 1995. Their local emissions are declining more rapidly than those of their respective country. Elected officials now have confidence in their ability to reach their targets, providing international targets and timetables materialize soon.

Said Margit Conrad, Deputy Mayor of Saarbrücken: "Aggressive international targets and timetables are essential to local authorities. Without them, we will have a difficult time maintaining our present momentum."

Finally, the three cities reported that multiple benefits from their CO₂ reduction efforts are a boost to the local economy. Portland, for example, has become such an attractive city that many businesses are relocating there — as a result the local population is growing at twice the national average. However, thanks to transit measures, travel demand has stabilized along with emissions from the transportation sector (per capita).

The success of local governments in reducing their emissions and achieving multiple benefits offers a strong reproof to the doom and gloom economic scenarios painted by the fossil fuel industry. Evidence is mounting from cities such as those that practical, bottom-up measures to reduce CO₂ emissions significantly benefit — rather than hurt — the local economy.

—Cutting Carbon, from front page

- new bioconversion technologies for producing renewable liquid fuels.

The study shows how current practices and policies lead to energy waste and over reliance on dirty fossil fuels. To put America on the *Innovation Path* to a stronger economy and a cleaner environment, new policies are needed such as:

- Caps on emissions of carbon dioxide and other pollutants by electricity generators, with a credit-trading system that gives utilities flexibility in meeting the caps;
- Renewable content standards on electricity and motor fuels production, so that clean, renewable power and fuel sources gain increasing market share over time;
- Increased vehicle fuel economy standards and market incentives including rebates on efficient vehicles and fees on gas guzzlers;
- An investment tax credit to speed up industrial innovation and modernization, paid for by fees on dirty energy sources;
- Expanded R&D efforts, along with technology demonstrations, commercialization incentives, and consumer education to move innovative appliances, lights, and other energy-consuming devices from research laboratories into mass production;

These policies would produce more value and less pollution from each ton of coal, barrel of oil, or cubic foot of natural gas burned. They would lead to an orderly shift away from fossil fuels and toward safe and secure renewable energy resources. They would also produce substantial environmental and economic benefits. *Energy Innovations* shows how the U.S. can reduce its carbon dioxide emissions 10 percent below 1990 levels by 2010, while its GDP climbs over 50 percent during this 20-year period. Carbon emissions would fall 46 percent by 2030. By contrast, under the *Present Path*, carbon emissions would be 21 percent above 1990 levels in 2010, and 41 percent above 1990 levels by 2030.

The *Innovation Path* would save consumers \$530 per household per year and would create nearly 800,000 more jobs by 2010, compared to the *Present Path*, since energy efficiency improvements in particular are cost-effective and shift expenditures from energy into sectors that generate more jobs per dollar spent. It would also reduce U.S. dependence on imported oil, cutting \$21 billion from the nation's oil import bill in 2010 alone.

Canada is on a similar emissions growth path to the United States. By 2010, the Canadian government expects its overall greenhouse gas emissions to increase 20 per cent from 1990 levels; this would increase to 36 per cent above 1990 levels by 2020. As in the United States, energy departments and much of industry argue

that nothing can be done about this scenario without severely damaging the economy.

The *Rational Energy Program*, a package of initiatives designed to improve energy efficiency in the transportation, building and industrial sectors and increase the use of renewable energy in the electricity sector demonstrates that this is not the case. Under the *Rational Energy Program*, Canada would stabilize its greenhouse gas emissions at 1990 levels by the year 2000 and would achieve reductions of at least 7% by 2010.

The macroeconomic analysis of the *Rational Energy Program*, conducted by Informetrix Limited, concluded that the program would create up to 1.5 million person years of work by 2010. Informetrix also concluded that: "Over the course of the 15 years, the *Rational Energy Program* by itself cannot change the size of the Canadian economy or employment, or that of any province by as much as one-year's growth. Since the economy in 2010 can be expected to be 35 to 45% larger than in 1994, variations from the Base Case of these magnitudes are close to minute (less than one-third of a year's growth at most) in a 15-year period."

In addition to assuming increased efficiency standards in buildings, transportation and equipment and that 25% of electricity load growth comes from renewable energy, the *Rational Energy Program* assumes a carbon charge of \$20/ton is applied in the year 2000, increasing to \$25 in 2005. Combined with a small gasoline tax, this generates cumulated revenue of \$77 billion by 2010. The analysis assumes that the revenue is used to finance implementation of the Program and to reduce the Goods and Services Tax (consumption tax) to 5.5% from 7%.

The *Rational Energy Program* analysis was coordinated by Sierra Club of Canada, on behalf of the Climate Action Network in Canada. The federal Natural Resources Department, which is responsible for energy forecasts and analysis, completed the bottom up analysis for Sierra Club. The macroeconomic analysis was completed by Informetrix Limited, one of Canada's leading economic analysis firms.

These studies demonstrate that through policy reforms that spur technology innovation, the United States and Canada can prosper economically, cut pollution and improve public health, and do their part to stem global warming. Rather than dragging their feet and impeding progress, President Clinton and Prime Minister Chrétien should lead the way to a strong international agreement for cutting greenhouse gas emissions. With the Earth's climate at stake, it could be their most important legacy to future generations.

• Dr Stephen Berron of the Tellus Institute will present a briefing on the Energy Innovations Report on Tuesday at 7:15pm in Saal Reger.

CLIMATE NEGOTIATIONS BONN JULY-AUGUST '97 NGO NEWSLETTER

Economic Flood Damage

Record-breaking floods in the United States, Canada, and eastern and central Europe this spring and summer forced the evacuation of more than 50,000 people and will cost billions of dollars because of lost productivity in agriculture and damage to property.

While a direct connection between climate change and specific weather-related events cannot be made, the link also cannot be disproved. In fact, Canadian, U.S. and UK scientists have publicly expressed the view that flooding on the Red River in North Dakota and southern Manitoba and the River Oder affecting Poland, the Czech Republic, Germany and Austria, are consistent with climate model projections.

According to the UK Meteorological Office, two unusual periods of heavy rain in Poland and the Czech Republic were "consistent with the likely impact of global warming" (Financial Times, 7/23). In Canada and the U.S.,

record breaking snow pack and a warm spring caused rapid melting and flooding.

The Polish economy in particular will suffer economically because of extensive damage to farm operations and destruction of homes for which few people have flood insurance. The Guardian reported July 24 that the Polish economics ministry estimates damage at \$1 billion. The Polish government has announced plans to borrow \$1 billion, which is likely to unleash higher inflation.

Climate change impacts will cost all economies. Inaction is an investment in lost productivity, damage to human health – physical and psychological, and reduced quality of life. Investment in mitigation creates jobs, generates technological innovation, improves local and regional air quality and the environment, and protects us all from climate change. The costs of inaction simply are unacceptable.

-Japan: Truth or Dare?, from front page
reduce by 2%. In each case Japan's emissions would be allowed to increase by 3%.

Whichever way one calculates this "proposal", if true, the outcome is patently unacceptable to the majority of Parties in the AGBM, as it would allow Japan to increase whilst requiring reductions of other Parties and overlooks the need for a significant reduction target for the year 2005.

The persistence of this story, the fact that Japan's officials have been instructed not to comment, its ongoing elaboration in the Japa-

nese press along with the not altogether convincing denials from the USA are doing great damage to Japan's already weak standing. Japan should take advantage of the presence of its Minister for Environment at the AGBM to clear the air on this matter. It should clearly state that the Yomiuri Shinbun story is not the Japanese position and that Japan is committed to achieving significant emission reductions relative to 1990 levels in the year 2005 for all industrialised countries, including itself, in Kyoto.



NGO Party!!!

9.00 Tonight...

at the Gustav-Stresemann-Institut, Langer Grabenweg 68...

5 mins. from Marium Hotel

Be there or...

L'Afrique et les Changements Climatiques

Forum des climats en Afrique: la francophonie commence à s'échauffer!

Une réunion des ONG francophones et des organisations internationales intéressées aura lieu en octobre à Dakar (date à confirmer). Cet événement est organisé par ENDA-Energie (Dakar), le Réseau-Action-Climat (Paris) et la Coalition Québécoise des Changements Climatiques (Montréal). Cet événement a le soutien du gouvernement français et (on l'espère) des autres pays francophones. La participation des ONG d'Afrique de l'Ouest et du Centre est en particulier souhaitée. Contacter Moussa M. DIAKHITE pour vos suggestions et vos contributions matérielles.

Climate Forum in Africa: Francophones are warming up to the climate issue!

A meeting of francophone NGOs close to CAN and interested international organizations will be held in October in Dakar (dates to be confirmed). This event is organized by ENDA-Energie (Dakar), Réseau-Action-Climat France (Paris) and Coalition Québécoise sur les changements climatiques (Montréal). This CAN-NGO event will have support from the French government and (hopefully) from other francophone countries. Participation of Western and Central African NGOs is especially welcome.

Contact: RAC-F 7 Moussa DIAKHITE, impasse Charles Petit F-75011 Paris
Tel: +(33) 1 44 64 99 64 Fax: +(33) 1 44 64 72 76. Email: racf@wanadoo.fr

Ludwig

Ludwig wasn't previously aware that the EU had such a capacity for self-mocking irony, but they've really come up trumps this time. Many will be aware that for some time they have been attempting to do something about the huge amount of time they spend meeting each other, the so-called "bunker" problem. Yet they have chosen as their meeting-room an underground chamber beneath a high-security building surrounded by razor-wire...

THANKS

The Climate Action Network would like to thank the Environment Ministries of Germany, Denmark and the Netherlands, who have provided funding for Eco. With resources contributed by: APC Networks and EuroFax.

Bonn

**OFFICE OF TIMOTHY E. WIRTH
UNDER SECRETARY
FOR GLOBAL AFFAIRS**

'97 AUG 1 PM 1:59

**DEPARTMENT OF STATE
2201 C Street, N.W.
Room 7250
Washington, D.C. 20520
Phone: 202-647-6240 Fax: 202-647-0753**

August 1, 1997

PLEASE DELIVER TO: Interagency Climate Change Deputies Group

Brian Atwood, USAID	Jeff Lang, USTR
Jim Baker, Commerce/NOAA	Al Larson, State
Rosina Bierbaum, White House	Mark Mazur, NEC
Joseph Bordogna, NSF	Katie McGinty, CEQ
Stuart Eizenstat, State	Jerry Melillo, White House
Dirk Forrister, CEQ	Betsy Moler, Energy
Jeffrey Frankel, CEA	Richard Rominger, USDA
John Garamendi, Interior	Dan Reicher, Energy
Jack Gibbons, White House	David Sandalow, CEQ
T.J. Glauthier, OMB	Lois Schiffer, Justice
Sherri Goodman, Defense	James Steinberg, White House
Joshua Gotbaum, OMB	Todd Stern, White House
Fred Hansen, EPA	Lawrence Summers, Treasury
Kitty Higgins, Labor	Dan Tarullo, NEC
Elgie Holstein, Energy	William Townsend, NASA
Jeffrey Hunker, Commerce	Janet Yellen, CEA
Melinda Kimble, State	

FROM: Timothy E. Wirth, Under Secretary for Global Affairs
SUBJECT: Climate Change Luncheon on August 11, 1997

Please note that the August 11 luncheon with John Browne of British Petroleum will begin at 12:30 instead of 1:00, as we previously informed you. If you have not already, please respond to Debbie Jones at 647-6205 to let us know if you can attend. Thank you.

List of Recipients for
Periodic Updates from the Climate Talks
Bonn, Germany
July 28 to August 8, 1997

<u>Agency</u>	<u>Name</u>	<u>Telephone</u>	<u>Fax</u>
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Justice	Lois Schiffer	(202) 514-2701	(202) 514-0557
	Jim Rubin		(202) 514-4231
Commerce	Jeffrey Hunker	(202) 482-6055	(202) 482-4636
NOAA	Terry Garcia	(202) 482-3567	(202) 482-6318
Treasury	Joshua Gotbaum	(202) 622-2220	(202) 622-2633
Interior	Brooks Yeager	(202) 208-6182	(202) 208-4561
USTR	Jennifer Haverkamp	(202) 395-7320	(202) 395-4579
Agriculture	Charlie Rawls	(202) 720-6158	(202) 720-5437
CEQ	Dirk Forrister	(202) 343-1060	(202) 343-1162
EPA	Mary Nichols	(202) 260-7400	(202) 260-5155
	David Gardiner	(202) 260-4332	(202) 260-0275
EPA	Jackie Kriegel	(202) 260-9013	(202) 260-6405
DOE	Abraham Haspel	(202) 586-5316	(202) 586-3047
DOE	Mark Chupka	(202) 586-5523	(202) 586-0861
DOT	Frank Kruesi	(202) 366-4544	(202) 366-7127
OVP	Pete Jordan	(202) 456-9501	(202) 456-9500
CEQ	David Sandalow	(202) 456-6543	(202) 456-2710
CEQ	Steve Seidel	(202) 395-3706	(202) 456-6546
AID	David Hales	(703) 875-4205	(703) 875-4639
WH	Todd Stern	(202) 456-2702	(202) 456-2215
L/OES	Evan Bloom	(202) 647-1370	(202) 736-7115
NEC	Gene Sperling	(202) 456-2807	(202) 456-6687
CEQ	Katie McGinty	(202) 456-6224	(202) 456-2710
NEC	Dan Tarullo	(202) 456-5353	(202) 456-1605
Treasury	Larry Summers	(202) 622-1080	(202) 622-0081
NSC	Jim Steinberg	(202) 456-9480	(202) 456-9490
Treasury	Bob Boorstein	(202) 622-0486	(202) 622-0073
NOAA	Sally Kane	(202) 686-2744	(301) 427-2073
NEC	Peter Orzag	(202) 456-5358	(202) 456-2223

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Climate Change Negotiations, Update No. 6: Little Flexibility Shown as Delegates Strive to Consolidate or Revise the Current Negotiating Text

Deliberations Continue in SBI Contact Groups and in the AGBM

Throughout August 1st, delegates worked in multiple halls to address remaining issues from the Subsidiary Body on Implementation (SBI) and to continue deliberations on the draft text being negotiated under the aegis of the Ad Hoc Group on the Berlin Mandate (AGBM). The former included work on non-Annex I communications (which is being co-chaired by Dan Reifsnyder of the U.S. and Chow Kok Kee of Malaysia), a review of the financial mechanism (headed by John Ashe of Antigua/Barbuda), and continuing deliberation over the proposed timing for COP-4 and the work program for COP-3.

Discussion of the last topic has been particularly heated. China, representing the G-77/China, supported by India and Saudi Arabia, vehemently insists that COP be set for 1998 and the review of the Annexes concerning JI/AIJ be considered at this meeting. The U.S. and the EU -- joined by Canada -- have been equally insistent that COP-4 be held in 1999 and that both JI/AIJ and the question of annexes to the convention be considered at COP-3 in 1997.

First Point: No Flexibility Being Shown by Most Parties, the U.S. Excepted

All three of the working groups established by AGBM Chairman Estrada met on July 31st. These include those on Article 4.1, QELROS (essentially targets and timetables and related matters), and institutions. Progress has been exceedingly slow in all three groups. There were no extraordinary developments to report at the time of this writing, other than to note that no delegations exhibited any flexibility when it came to their positions (other than the U.S. which went to great lengths to accommodate the views of others in its revised Article 4.1 proposal). Detailed summaries of the activities in each meeting will be sent on Monday.

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Second Point: Brazil's Proposal Proving Attractive to Some G-77 Members

We would also flag for addressees that one potentially complicating factor is the Brazilian proposal. Although it is difficult to understand (being based on historical emissions trends), the proposal does acknowledge the global nature of the climate change problem. Unfortunately, according to Brazilian calculations, developing countries do not have to take any firm commitments until many decades in the future. The Brazilians also call for the establishment of a climate development fund which will be financed by penalties assessed on those developed countries which exceed whatever reduction targets are allowed.

Although we believe the Brazilian proposal can be challenged quite effectively on scientific grounds, few of the delegates at this meeting have either the scientific smarts or the background to understand the proposal's nuances. To say the least, aspects of the proposal (and especially those parts about future responsibilities of developing countries) are attractive to many G-77 members.

Comment

The slow movement in the AGBM working groups offers both problems and opportunities for Chairman Estrada. It is a problem for him as it gives him no assistance in bridging differences in this second to last meeting of the AGBM. It gives him opportunities by putting pressure on delegates to permit him to come up with a "chairman's draft text" prior to the October AGBM meeting. We expect this topic to be raised at the informal consultations being arranged for Saturday afternoon under Estrada's chair. The invitees are all members of something called, unofficially, the "Trattatoria" group after an Italian dive in a Bonn suburb where participants from ten countries first met under the aegis of Chairman Estrada.

The following paragraphs can be used as a DAR item as desired or appropriate.

Climate Change Negotiations, Update No. 6: Little Flexibility Shown as Delegates Strive to Consolidate/Revise the Current Negotiating Text

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Statement of the United States of America
Seventh Session of the Ad Hoc Group on the Berlin Mandate
July 31, 1997

Mr. Chairman, there are a number of new elements that the U.S. has introduced as part of our proposal which I would like to discuss today. We have introduced these elements to clarify two central issues related to our work -- which gases should be included, and how to develop mechanisms to promote compliance. We look forward to the opportunity over the next week to work together with all Parties to find common ground on these and on all of our other issues so that we can move forward to the successful outcome that we anticipate for Kyoto.

Mr. Chairman, the United States has taken the floor in the past to explain other elements of our agreement. We believe such an agreement must:

- establish legally binding targets;
- provide maximum flexibility for Parties to meet these targets; and
- set credible, realistic levels for these targets.

There must be mechanisms for national compliance and we need to involve all countries in meeting the goal. At the moment, as some have noted, the U.S. does not have, and is therefore not in a position at this time to introduce, numbers into our discussion. Numbers, in our view, are very closely related to structure. It is not possible, in fact, to decide what kind of a target we might undertake without knowing what constraints are imposed on such a target.

We have a very clear view: there should not be constraints on the flexibility mechanisms; countries should be allowed to use those kinds of procedures that reduce the costs -- there is no sense in taking on commitments and paying more for them. All countries have pressing obligations for their limited resources, and taking advantage of the cost-effective mechanisms must be an objective as we proceed. We have introduced proposals on emissions trading and joint implementation, on a budget process, on a process for banking -- these are all elements that increase flexibility and decrease costs.

Many have expressed concern that flexibility mechanisms will be difficult to implement. To address this, the United States has introduced new proposals, contained in a miscellaneous document prepared by the Secretariat for this session, to elucidate two of the elements that we have suggested in earlier texts. One is the issue of compliance and the second is the issue of which gases might be counted in any agreement. Both of these elements are critical for us to determine the structure, and the structure is critical, as I have noted, to determining a level.

Compliance is fundamental whether you do or do not have any flexibility elements. Nearly all of us agreed in Geneva at COP-2 that the instrument would be legally binding.

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Clearly, such an instrument requires a compliance mechanism; it requires one independent of whether there is any flexibility. Once you have assurances of national compliance, adding the flexibility concepts are very simple and straightforward. We note that there continues to be some political heat over some of the issues -- but in our view, the technical details could certainly be unraveled in the time that we have before us.

With regard to the issue of which gases might be included, the United States has long called for a comprehensive approach which includes all gases, all sources, all sectors and all sinks. However, many have concerned themselves that we do not have methodologies to accomplish this task, and some have suggested a "basket" approach which limits our reductions opportunities to only a few gases. To us, this does not seem as reasonable. It is all gases that lead to the increase in the radiative forcing which raises temperatures and leads to sea level rise and other impacts. We must address all gases, and we have at our disposal a methodology, developed by the IPCC, that will enable us to do this. If countries can use this methodology, they should get full credit for all the emissions reductions they take. If they don't use this methodology, there should be a penalty and they should get less credit. We must also recognize that this methodological issue is not only related to whether we adopt a comprehensive approach but will also need to be resolved to ensure a clear, credible and effective compliance regime.

Our proposal also calls for all countries to participate in a next step. It's quite clear, particularly in light of the evolving science expressed by Professor Bolin that has come to our attention over the course of the last several years on this issue, that it is impossible for any single country or group of countries acting alone to solve this problem. Concentrations in the atmosphere are growing very rapidly: we have already passed 350 ppmv; we're going to pass 450 ppmv; and we're going to pass 550 ppmv concentration of CO₂ equivalent unless we begin to see global declines in atmospheric emissions of CO₂ and other gases.

To this end, Article 4.1 speaks to the obligations of all countries, and the Berlin Mandate calls for advancing the implementation of such commitments. But many of these are couched in very uncertain and ill-defined terms. It must be our objective in this process to better define what we're to do in this context. Clearly, also, there is a difference, and the Convention speaks to the difference, between Annex I and non-Annex I. We all recognize that at all levels countries have different capacities and capabilities. It is therefore reasonable to expect that there is a middle ground between the Annex I and non-Annex I commitments. All countries can take actions. Our proposal creates space for such a middle ground. It is not a new commitment; it's a voluntary opportunity to engage. All countries should take advantage of this opportunity as we seek to reduce global emissions, and then global concentrations of greenhouse gases.

Our proposal also includes a recommendation for a long-term vision: Where are we going in the future? Kyoto will be a step in a long-term process to meet the objective of the Convention. It is a significant step, though, and in our view, our agreement must include a vision for a future that includes all countries. We must construct a mechanism

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that promotes the evolution toward that objective. A new negotiation will certainly follow this one, and in that time frame, all countries must participate. Our proposal can put us properly on this long-term path.

Mr. Chairman, in conclusion, I would like to reiterate our strong interest in working with all Parties, in working with you, and those that you delegate to lead us in our work. We believe that this session can be enormously productive in reaching a conclusion on a shortened and abbreviated text as we move toward Kyoto.

Thank you, Mr. Chairman.

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AGBM Meeting Summary, Thursday Morning, July 31:

The Chairman, Mr. Raul Estrada-Oyuela, opened the session by emphasizing that this group was to develop text to implement the Berlin Mandate, and reminded Parties that particular suggestions which were outside the scope of the Berlin Mandate could be submitted separately for a decision of the Parties at COP-3 in Kyoto Japan in December. Several Parties, including the U.S., made brief presentations to describe the additional text they had submitted after the FCCC Secretariat prepared the compilation of submitted protocol text. Mr. Estrada then suggested that we form 3 non-groups to work on three areas of the negotiating text: 1) Article 4.1 Commitments, chaired by Evans Kings of Barbados, 2) Institutions & Final Clauses, chaired by Takao Shibata of Japan, and 3) QELROs, chaired by Gylvan Meira-Filho of Brazil. Mr. Estrada explained that two of these three non-groups would meet simultaneously for the rest of the AGBM sessions scheduled for Thursday, Friday, (and tentatively Saturday), and that the AGBM would reconvene in full on Monday morning's session to assess progress. Because Mr. Estrada directed the Parties to use these sessions to begin negotiations, he excluded NGOs from attending these negotiating sessions of the non-groups.

AGBM-QELROs Meeting Summary, Thursday Afternoon, July 31:

The QELROs working group, chaired by Gylvan Meira-Filho, set out a structure to ensure adequate discussion of all the aspects of the QELROs sections in the short time available. Mr. Meira-Filho first suggested some new nomenclature to ensure consistent discussion of the annexes proposed by various Parties: Annex Q would refer to the Annex I countries (as listed in a new Annex to a proposed protocol - specifically this Annex Q would address both the EU Annex XX and the US Annex A proposals); Annex Q1 would refer to an Annex listing non-Annex 1 Parties which voluntarily join (the U.S. Annex B proposal), and Annex Q2 which would correspond to the Annex 2 countries). Mr. Meira-Filho then suggested that we discuss the QELRO text in the following subcategories: 1) coverage of gases and methodological issues (including a separate discussion for sinks), 2) nature of targets and baseline, 3) Annex Q1 voluntary participation, 4) compliance, including penalties, and 5) flexibility.

For the rest of the afternoon session, Parties presented their views on the coverage of gases and methodological issues. The views expressed fell into three categories: 1) comprehensive coverage of all GHGs with GWP (supported by the U.S., Canada, Norway, Australia, China, Saudi Arabia, Iran, Kuwait, Egypt, Oman, G-77 prefers comprehensive but not solid position); 2) coverage of a limited basket of gases (E.U., Hungary, Russian Federation, New Zealand? Is this the right category based on their uncertainty limit?, Burkina Faso) and 3) coverage of CO2 emissions only (Japan, Chile, Ireland?, Marshall Islands, Seychelles). Further, some countries discussed the idea of using the level of uncertainty in the measurement method to create two categories of gases which could be covered, along the lines of the New Zealand proposal, while other countries felt that the level of uncertainty in the methods should exclude gases from coverage until such time that the methods are improved enough to reduce the uncertainty to a level where Parties would be comfortable adding the gas to the binding limit, and other countries felt that the current IPCC guidelines

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allowed Parties to provide emissions measurements and that Parties would have time to improve upon these measurement methods. The Russian Federation raised the issue of addressing the uncertainty in measuring the background global concentrations of gases, and the Chairman indicated his interest in following up on this idea. On sinks, several countries explicitly support the inclusion of sinks (Norway, U.S., Iceland, Kuwait, Iran, Venezuela, Indonesia (although they suggested that there could be a difference in how sinks were counted between developed and developing countries), Poland, China, Oman) while other countries desire to specifically exclude sinks (EU although willing to consider further information, Japan) Two Parties noted that the level of uncertainty for at least some sinks is not greater than the level of uncertainty for some emission sources. The Chairman indicated that he would prepare some further streamlining of the various proposals into draft negotiating text.

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AIJ Baselines Workshop - Part 2, 7/30/97

The FCCC Secretariat presented a workshop on issues related to baselines for AIJ projects on land use change. The session was chaired by Irving Mintzer, a consultant to the Secretariat and featured presentations by Patrick Karani of the World Bank on the Burkina Faso Sustainable Energy Development Project, which includes a sustainable forestry component, and by Ta Nelson of the Nature Conservancy on Sustainable Use Forestry in the Rio Bravo Project in Belize. A scheduled presentation by Franz Tattenbach of the Costa Rican National Center for Joint Implementation was cancelled due a conflicting meeting. The US Delegation distributed copies of the press release announcing the acceptance of the Costa Rican Consolidation of Biological Reserves Project into the USII, in July, 1997. This project breaks new ground as it is national in scale and financed through sale of Certifiable Tradeable Offsets (CTOs) on carbon bonds through the Chicago Commodities Exchange. Presentations raised a number of importance questions and stimulated discussion on difficult baseline questions related to land use projects particularly assumptions about the deterioration of forests in the baseline, and leakage of carbon benefits by shifting unsustainable forest demands to other areas. In general, the discussion was positive, provided a level of practical detail which was helpful to many participants, and demonstrated the value of pilot projects to work out key methodological issues.

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SBSTA Meeting Summary, Wednesday Morning, July 30:

The Chairman, Tibor Farago, proposed a delay in the start of the afternoon SBSTA meeting so that the two contact groups (Methodological Work Programme and SB Division of Labor) could conclude their work with draft recommendations for the full SBSTA meeting. In the morning session, the Methodological Work Programme Contact Group Co-Chair, Harald Dovland, indicated that the contact group had come to consensus on a recommendation of the priorities for funding the various tasks proposed by the FCCC Secretariate for the biennium period. Specifically, the contact group recommended the highest priority for Tasks A under emissions inventories, high priority for Tasks B projections, and priority to Task C3 evaluating effectiveness of mitigation policies and measures, and Task D2, assessing adaptation strategies and technologies. The SB Division of Labor Co-Chair, Mark Hambley, indicated that this contact group was making good progress and hoped to complete its work in time for the afternoon session.

The G-77/China and several other delegations raised the issue of International Technological Assessment Panels (ITAPs), specifically asserting that geographically balanced ITAPs, composed of representatives of SBSTA, should be formed to carry out the specific methodological work rather than the FCCC Secretariat. (One delegation noted that it discontinued attendance at the Methodological Work Programme Contact Group because it objected in principle to the recommended workplan for the FCCC Secretariate, thus dissenting from the contact group recommendation). The Chairman agreed that the SBSTA would discuss ITAPs at the next session of the SBSTA in October, although he also suggested that developing countries which support this concept should provide further information to identify the issues for which ITAPs would be needed to address.

Then, the SBSTA heard presentations on the climate change work being conducted by the following organizations: the Integrated? Ocean Commission (IOC), the Global Environmental Fund (GEF), the World Meteorological Organization (WMO), United Nations Environmental Program (UNEP), and the Intergovernmental Panel on Climate Change (IPCC). Bob Watson of the IPCC indicated that he would welcome further comments from SBSTA and/or from Parties, highlighting a suggestion to indicate specific policy questions for the IPCC Third Assessment Report to try to answer by mid-January of 1998 for inclusion for consideration by the IPCC in preparation for finalizing the structure of the TAR by the IPCC Bureau meeting in March. Australia noted that in addition to assessing all of the climate change activities being conducted by the organizations which gave presentations at today's SBSTA meeting, the IPCC should also consider climate change work being conducted by other organizations, specifying the IKO and IMO as examples.

Methodological Work Programme Contact Group: July 30

The Methodological Work Programme Contact Group completed text to recommend the funding priorities for the various tasks proposed by the FCCC Secretariate for the biennium period. In addition, although the group had recommended specific budgetary amounts for the FCCC Secretariate tasks, the group agreed to the U.S. suggestion that the budget recommendations were "indicative" of the priorities set by the contact group, and that the FCCC Secretariat would be able to allocate whatever resources were ultimately approved by the SBI according to the contact group's priorities. The Contact Group also agreed to strongly

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support the methodological work of the other organizations, including IPCC, OECD, IEA, UNEP, and UNIDO.

SBSTA Meeting Summary. Wednesday Afternoon, July 30:

SBSTA continued its discussion of the technology transfer issues, with general support for the transfer of technology to reduce GHG emissions to developing countries, although several Parties highlighted the need for private sector involvement.

SBSTA agreed to have a small working group meeting with the IPCC to discuss further the issues Parties/SBSTA believe should be addressed by the Third Assessment Report. In addition, SBSTA agreed to compile, by January 20, 1998, a document containing further suggestions for the TAR.

The Methodological Contact Group presented its draft recommendations to the SBSTA, but some Parties, including the G-77/China, requested more time to contemplate the draft text, because a few of their members could not agree with the recommended workplan for the FCCC Secretariat. The G-77/ China group agreed to finish its consideration so that an informal group could convene by Friday to make final recommendations to the SBSTA. The SB Division of Labor Contact Group also agreed to finish its recommendations in the next few days so that the SBSTA could review and adopt its recommendations by the Tuesday closing session.

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The World Bank Briefing, 7/31/97

The World Bank presented a two part briefing by 1) Dr. Robert Watson on the draft Energy and Environmental Strategy and 2) Ken Newcombe on the Bank's Global Carbon Initiative. The Energy and Environmental Strategy is very positive in its policy proposals for moving the Bank toward a proactive role in promoting efficiency in energy production and consumption, private sector development and environmental and social sustainability. Many questions were raised about the Bank's ability to implement such a strategy in practice and its role both positive and negative in the past. The Global Carbon Initiative is primarily organized around a proposed carbon investment fund which would be managed by the Bank and would draw on its pipeline of planned projects which establishes a credible baseline, and would add components to those projects which would generate carbon offsets. The Bank would manage a portfolio of offsets and sell the offsets to investors with lower overall risk and transaction costs compared to project by project credits.

CC:FORUM, 7/31/97

Bob Dixon and Paul Schwengels represented the US in a meeting of the CC:FORUM, a working group chaired by the FCCC Secretariat to coordinate activities on country studies, support for national communications and other enabling activities under the FCCC. The secretariat and GEF representatives discussed their efforts to provide support for national communications to all FCCC developing country parties and indicated that projects are underway or in the pipeline for over 100 countries. There are still about 15 parties which have not requested assistance. Ongoing and new programs by GEF, UNDP, UNEP, GTZ, Japan, the Netherlands and the US were discussed, as well as opportunities for coordination among the various GEF and bilateral programs. The FCCC Secretariat is initiating a visiting fellows program modelled after the USCSP visiting analyst program. Major areas of coordinated activities include development of handbooks and methodologies for country studies and national plans and communications, training on new methods for inventories, impact assessment, mitigation studies and national communications, and electronic networking and information sharing.

CLIMATE NEGOTIATIONS BONN JULY-AUGUST '97 NGO NEWSLETTER

eeco



Eco has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the Climate Negotiations in Bonn, July-August 1997.

AGBM Rolls Up Sleeves

As the AGBM opened yesterday morning, delegates listened to Chairman Estrada lay out the framework for his vision of how to move forward this session on the way to Kyoto.

Reminding us of where we have come from, the Chairman noted that we are to comply with the Berlin Mandate, not reform it.

He observed that the world does not begin and end with the Berlin Mandate and that there is indeed the possibility of achieving progress toward objectives outside of the Berlin Mandate through other decisions under the COP or Subsidiary Bodies. He emphasized however, that within AGBM we must be restricted to the Berlin Mandate.

Estrada said it is reasonable to expect that once developed countries have shown with facts that they have decided to reduce emissions and provide adequate support for the financial mechanisms to

assist developing countries, developing countries will then, and only then, be able to assume a more active role in the undertaking before us.

Parties are quietly showing their willingness to cooperate and move issues forward. Indeed the lack of accusations in yesterday morning's AGBM session was deafening. Each intervention highlighted certain important elements of the agreement in Kyoto and began the list of wishes for an effective protocol.

G77 and China began by bringing us back to Berlin to remind us what we are here for – lining up the principles, scope and outline of the Berlin Mandate – and ensuring us that they will keep this negotiation true to the spirit of Berlin. Looking into the eyes of their children, the EU reminded us that failure here would be an abdication of our responsibility to future generations.

They demonstrated their seriousness and willingness to make progress in this round, by tabling their 2005 target to reduce CO₂, CH₄ and N₂O by at least 7.5%, thus highlighting their contribution to a long-term global solution to the problem.

Brazil brought us a bit further, gazing into the eyes of, perhaps, its grandchildren, with its interesting new approach to the core elements of a Kyoto agreement and its willingness to continue to be in the forefront of the process. While emphasizing that present concentrations are due mostly to Annex I countries, he called for a practical mechanism in the Kyoto Protocol to ensure that non-annex I countries make real contributions to meeting the objective of the Convention. He also noted that in the longer term developing country participation might be significantly enlarged in an objective manner. All those curious souls should report to the Reger Room today at 6pm to hear the details.

The quiet positive feeling continued with Slovenia, as a potential Annex I country, calling for action without delay and indicating its support for the EU proposal. Zimbabwe, on behalf of Africa countries, reminded us why this is so crucial. Indicating their concern for the lack of action up to this point, Zimbabwe cut through it all by stating that "Human suffering cannot be valued in dollars or cents." African countries are the most vulnerable to climate change and indeed have the most to lose.

According to Russia, a legally binding treaty must include an effective, verifiable, implementation agreement. And that to the list of protocol wishes, plus the US call for an effective compliance regime (even independent of flexibility). The US also believes that you can have a strong compliance mechanism with all gases included. This positive attitude is either admirable or naive, especially in face of the uncertainties in the inventories they are comfortable in utilizing. One certain thing, in

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Behind the scenes at the IPCC: refining the model

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CLIMATE NEGOTIATIONS BONN JULY-AUGUST '97 NGO NEWSLETTER

Scientists Call for Early Action

By Kelly Sims, *Ozone Action*

Over 2,600 scientists have joined in calling upon the US to take global leadership in reducing emissions of the heat-trapping gases that are causing global climate change. While this statement was aimed primarily at the United States, as the largest emitter of greenhouse gases, it serves as a remarkable warning to all governments about the folly of delay. In fact, the scientists "urge other nations to join in similar actions with the purpose of producing a substantial and progressive global reduction in greenhouse gas emissions beginning immediately."

Scientists do not often join in calling for governmental leadership on environmental questions of global concern. The scientists who signed the Scientists' Statement on Global Climatic Disruption are all experts with broad experience in addressing various aspects of the disruptions of climate. Thirty-six of the signatories are members of

the United States National Academy of Sciences. Three are Nobel Laureates. They range in specialties from physical chemistry and biochemistry to oceanography and climatology to geography and ecology. They are university presidents, chairs of scientific societies, advisors to governments, members of governmental staffs, and scientific participants in the private sector. But above all, they are seriously concerned that failure of the United States to act now will be a very costly error for us, and our children.

The statement is clear that "the further accumulation of greenhouse gases commits the earth irreversibly to further global climatic change and consequent ecological, economic and social disruption. The risks associated with such changes justify preventive action through reductions in emissions of greenhouse gases." This statement and a list of signatories will be available during the AGBM.

Impacting the Economy?

One major reason the US is reluctant to state a position on targets and timetables is the uncertainty regarding the economic impact of climate protection policies. According to some studies, stabilizing greenhouse gas emissions in the US at 1990 levels (a much studied policy) could impose losses of over 2% of domestic GDP. According to other analyses, the same policy could lead to improvements in GDP of over 2%. In recent months, interest groups have been touting their preferred predictions, leaving the public and policy makers confused as to the real economic impact of emissions reduction strategies. A new analysis by the World Resources Institute helps lift some of the fog from this debate.

Despite their complexity, economic models are nothing more than consistent sets of assumptions reflecting different beliefs about how the economy functions. Not surprisingly, the economic impacts the models predict depend totally on the assumptions built into them.

WRI examined 162 different simulations using sixteen widely-used economic models, including all three of the models used by the Clinton administration to analyse its climate policy options. They found that just eight basic assumptions account for more than eighty percent of the differences in the models' predictions, determining whether their economic results are large or small, positive or negative.

Among the key assumptions:

- whether non-fossil energy alternatives are available at a competitive price;
- how efficiently businesses and consumers reallocate their expenditures in response to energy price increases;
- whether flexibility instruments, such as emis-

sions trading and joint implementation, are available;

- whether revenues from energy taxes or auctioned emissions permits are used to reduce economically burdensome taxes on lab or and capital;
- and whether the economic benefits of reduced air pollution and avoided environmental damages from climate change are reflected in the analysis.

The WRI study shows that models incorporating the most unfavourable assumptions consistently project that stabilizing carbon dioxide emissions at 1990 levels by 2010 and holding them steady thereafter would result in economic losses of about 2.5 percent in GDP in the year 2020. On the other hand, models incorporating all the most favourable assumptions project such a policy would increase 2020 GDP by about 2.5%. These projections should be viewed in the context of substantial real GDP growth over this period: the authors note that even under the most unfavourable assumptions, "the economy in 2020 would be 75% larger than today's." Hardly the doom-and-gloom scenario being put forward in fossil fuel industry advertisements!

The authors draw some clear implications for policymakers and the public from their analysis: "People need not accept all the best-case or all the worst-case assumptions. It is more reasonable to predict that with sensible public policies and international cooperation, carbon dioxide emissions can be reduced with minimal impacts on the economy."

• One of the report's authors, Duncan Austin, will present the WRI analysis at 1:00 pm today in Salon Haydn.

Ludwig

Ludwig is intrigued by the size of the delegation from the Japanese Foreign Ministry, and the large number of bilateral meetings held or being held with other developed country Parties. Could they be using the opportunity of this meeting to sell some advanced piece of new technology that only these countries can afford? Or could they be selling something else...

Far more importantly, the Secretariat is to be congratulated on heeding Eco's warnings at the last session. Ludwig is delighted to be able to report that the canapés at last night's reception came from fresher stock this time: indeed he observed one tray being carried across the room followed by an eager line of hungry delegates. Many of them may have been from countries (most countries, probably) with economies below the Maritim's menu price level, but this must reflect in some way on the food quality.

—AGBM, from front page

eyes, is that the ill-defined terms of Article 4.1 must be better defined. Searching for the middle ground with its Annex B approach, the US emphasized it is not looking for new commitments but rather offering voluntary opportunities for non-annex I countries to engage in the process. The US long-term vision includes future new negotiations, following this one, involving all countries.

Japan was also in a positive mode and gave a slight first hint that there may be potential for leadership by its appeal that all countries reject the net approach, a position they will hopefully keep on their protocol wish list until Kyoto. Let's add to that their call for linking scientific developments with commitments in the protocol, and Japan came out looking pretty good today in the AGBM session. More quiet positives.

Of course the heart of the protocol was brought to us by Samoa through its call that the guiding objective of this protocol ensure that global mean sea level rise resulting from climate change does not exceed 20cm above 1990 levels, and that the global average temperature does not exceed 2 degrees celsius above the pre-industrial level.

The overall tone of the day was well in keeping with the chairman's opening remarks, together offering a framework which leaves room for cooperation in the journey towards the Kyoto protocol.

THANKS

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HIGHLIGHTS FROM THE FCCC AD HOC GROUP ON THE BERLIN MANDATE 31 JULY 1997

The seventh session of the Ad Hoc Group on the Berlin Mandate (AGBM) of the Framework Convention on Climate Change (FCCC) opened on 31 July 1997 in Bonn, Germany. Delegates gave opening statements in a morning Plenary session and attended closed meetings in the afternoon to discuss the topic of continuing to advance implementation of existing commitments in Article 4.1 and quantified emissions limitation and reduction objectives (QELROS).

PLENARY

Chair Raul Estrada-Cuyela (Argentina) opened the seventh session of the AGBM and said that as COP-3 approached, he remained optimistic despite expected difficulties. He noted that the G-7+1 meeting in Denver and UNGASS demonstrated new interest in climate change problems. He pointed out that, although some criticized the scope of the Berlin Mandate, AGBM is not competent to change it. He noted that under FCCC, developed countries committed themselves to take the lead in reducing emissions and not until this occurred, would developing countries be able to assume greater responsibilities. He acknowledged progress toward an agreement, and pointed to the EU commitment and proposal as a step forward. He noted that two Parties' definitions on targets would be crucial to the process.

FCCC Executive Secretary Michael Zammit-Cutajar indicated that, at Kyoto, he expected a clear agreement on the understanding of Annex I country commitments under FCCC. The result from Kyoto should be a "strong punch" against "business as usual." It should send a signal to the real economic actors that things will change in a way that is compatible both with their interests and with sustainable development. It should be possible to monitor implementation. Although optimistic, he recognized the difficulty in reducing the proposals on the table to the sort of signal he described. He urged delegations to enter into a negotiating mode proving that they are able to go beyond "playing with text."

TANZANIA, on behalf of the G-77/CHINA, said that the basis for action and for an agreement must be strict adherence to the Convention and to the Berlin Mandate. He indicated that an agreement entailed advancing commitments for Annex I Parties, while avoiding new ones for non-Annex I Parties. He referred to UNGASS outcomes, highlighting that in addition to establishing targets, there was widespread agreement that it will be necessary to achieve them taking into account the adverse effects of response measures on all countries, especially the developing countries.

IPCC Chair Bert Bolin remarked on the Second Assessment Report, which states that "the balance of evidence suggests a discernible human influence on global climate." He stated that enhanced GHG concentrations correspond to a change in global mean temperature of 0.7-2.1°C, but are limited to 0.2-1.1°C by aerosol concentrations and climate system inertia. He stated that global warming for the full range of IPCC emission scenarios and climate sensitivities was estimated to be in the range 1.0-3.5°C by the year 2100. He noted that recent analysis shows that Annex I

countries were responsible for 64% of the total CO₂ emissions in 1996, down from 75% in 1985. Although most of the increased emissions stem from non-Annex I countries, they will not reach 50% of the total emissions until at least 15-20 years from now. He noted that stabilization of CO₂ in the long-term requires efforts by all countries. He stated the efficient use of energy is the prime and most obvious short-term measure to be considered both by Annex I and non-Annex I countries.

LUXEMBOURG, on behalf of the EU, recalled its proposal that "Annex X" Parties, individually or jointly, in accordance with the Berlin Mandate, should reduce emission levels for CO₂, CH₄ and N₂O together (weighted total, using Global Warming Potential with a 100-year time horizon) by 2005 by at least 7.5% below 1990 levels. He also proposed that HFC, PFC and SF₆ should be added no later than 2000 to the "basket" of gases for these reduction objectives. He said that developed countries must face up to their responsibilities and take the lead. However, all Parties must realize that in the longer term an increasingly global effort is needed to tackle the issue.

BRAZIL summarized its proposal (FCCC/AGBM/1997/MISC.1/Add.3) by calling for a direct and objective link to be established between the annual rate of GHG emissions and the increase in global mean surface temperature. He proposed that reduction targets be established in terms of temperature change. He called for the establishment of a mechanism to guarantee that non-Annex I countries address climate change. He called for the development of quantitative targets for non-Annex I countries as they reach appropriate levels of well-being. He proposed that the Clean Development Fund receive mandatory contributions from Annex I Parties in proportion to their overall non-compliance. He noted four points of negotiation: reduction targets of Annex I Parties expressed in temperature change; time of performance review for Annex I countries; initial year of consideration for historical emissions; and value of assessed contribution to the Clean Development Fund. He requested that the proposal be formally submitted to the COP-3.

ZIMBABWE, for the African Group, expressed hope that the AGBM will accelerate the negotiating process and reach agreement by the end of the next session. She noted that African countries are often marginalized by the interim funding mechanism process. She expressed concern with the lack of progress made in political deliberations and urged that the policies and measures (P&Ms) and quantified emissions limitation and reduction objectives within specified time frames (QELROS) contain provisions for socio-economic impact assessments. She noted that any decision reached should not increase the socio-economic and environmental burdens placed on Africa. She stated that an agreement should include commitment of financial resources and technologies for African countries.

The RUSSIAN FEDERATION said the outcome should go through the same ratification process as the Convention and that CO₂ reduction targets must be considered alongside goals for removal. SLOVENIA signaled its preparation to eventually join Annex I Parties in complying with legally binding commitments and supported an EU proposal for GHG reductions.

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The US said the AGBM agreement must maintain legally binding targets, provide maximum flexibility, include credible and realistic levels, include mechanisms for national compliance and involve all countries. He said it was not possible to decide what kind of numerical target might be undertaken without knowing what constraints would be imposed on such a target. The US had introduced proposals on emissions trading, joint implementation, a budget process and a banking process to increase flexibility and reduce costs. In this regard he outlined two new proposals, which he said are critical in determining the agreement structure. He explained that a legally binding agreement would require a compliance mechanism to which flexibility concepts could be added, although these were currently tinged with some political heat. He also called for a comprehensive approach including all GHGs, sources, sectors and sinks. Where countries failed to use the enabling IPCC methodology to adopt such an approach they should be penalized. On all-country participation, he called for an improved definition of Article 4.1 and the Berlin Mandate. While there is a difference between Annex I and non-Annex I countries it was unreasonable to expect that there was nothing to be done between the Annex I and non-Annex I commitments. To address this the US had proposed some middle ground. The US proposal includes a recommendation for a long-term process toward the objective of the Convention including all countries and seeking evolution. A new negotiation would certainly follow the AGBM and within that timeframe all countries must participate.

UZBEKISTAN said the countries in transition require investment in new technologies. SAUDI ARABIA addressed contradictions in Annex I policies, such as increased fossil fuel production by developed countries in the event of lower consumption, leading to lower imports, and subsidies provided to some fossil fuel sectors while taxing the use of other fossil fuels. He asked for consideration of compensation in the event of negative economic impacts on some States.

The Chair outlined the organization of work (Item 2(b)) and introduced documentation, including the main negotiating text compiled at AGBM-6 (FCCC/AGBM/1997/3/Add.1) and proposals from Parties received after AGBM-6 (FCCC/AGBM/1997/MISC.1/Add.2, 3, 4, and 5). The Chair stated that delegates would meet in closed sessions in the afternoon, continuing to advance implementation of existing commitments in Article 4.1, chaired by Evans King (Trinidad and Tobago); and QELROS, chaired by Luiz Gylvan Meira Filho (Brazil). Closed non-group sessions on Article 4.1 will continue on Friday. A non-group on institutions, mechanisms and other clauses, chaired by Takao Shibata (Japan) will begin on Friday. Briefings for observers will be held each morning.

The Chair invited a number of Parties with new proposals to make presentations. JAPAN called for a SBSTA study on the removal of carbon dioxide via sinks before the issue is taken up under QELROS; a review process to reflect the latest science; and for linkage between entry into force of an agreement and the total aggregate emissions of ratifying countries.

GEORGIA called for improved financial mechanisms for the energy sector and to encourage private sector participation in AIJ.

SAMOA, for the ALLIANCE OF SMALL ISLAND STATES, outlined proposals to fully reflect the precautionary principle in the work of the AGBM. He said a guiding objective of the AGBM agreement should be to ensure that global sea level rise resulting from climate change does not exceed 20 cm above 1990 levels, and that the average global temperature does not exceed 2°C above the pre-industrial level.

IN THE CORRIDORS

NON-GROUP ON ARTICLE 4.1 (COMMITMENTS): In the non-group meeting on Article 4.1, delegates agreed to negotiate on the basis of a paper proposed by Chair Evans King (Trinidad and Tobago). The first four paragraphs of the chapeau were discussed, which refer to advancing the implementation of commitments and the Berlin Mandate. Some non-Annex I countries reportedly sought to include references to the Berlin Mandate along with a number of other elements from the FCCC, including a specific reference to no new non-Annex I commitments, but some Annex I countries objected. Some delegations were reluctant to include a reference to the principle of common but differentiated responsibilities. There were proposals to delete paragraphs that conditioned advancement of commitments by non-Annex I Parties on the provision of financial resources and transfer of technology by developed countries. One developed country put forward an alternative draft paper that would commit Parties to advance implementation of Article 4.1 and to a strengthened collaboration.

NON-GROUP ON QELROS: The first meeting of the non-group on QELROS, chaired by Luiz Gylvan Meira Filho (Brazil), considered two questions: which greenhouse gases (GHGs) to include in the agreement and whether to adopt a gross or net approach. A draft paper is to be produced to reflect the two main arguments put forward regarding the gross approach. On the question of which GHGs are to be covered, a group of developed country favored a "basket" approach while other developed countries supported the inclusion of all gases. The possibility of amending a protocol or legal instrument over time to bring new gases into the agreement was raised, as was the alternative approach of dealing with sources of gases rather than the gases themselves. The Chair's draft text is expected for the next meeting. Another approach would reportedly address all gases but adopt a schedule for tackling different GHGs over time.

THINGS TO LOOK FOR TODAY

OBSERVER BRIEFING: A briefing for observers is scheduled for 9:45 am.

NON-GROUP SESSIONS:

The non-group on Article 4.1 will meet at 10:00am and 1:00pm.
The non-group on institutions, mechanisms, and other elements will meet at 10:00am.

The non-group on QELROS will reconvene at 3:00pm.
AGBM: AGBM is scheduled to meet Monday at 10:00 am.

Bonn

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3 August 1997

To: Please See Attached Listing

From: USDEL/Bonn, Mark G. Hambley

Subject: Climate Change Negotiations, Update No. 6:
Report on Subsidiary Body and AGBM Meetings for August 2/3

This is one of a series of reports on the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change and its three subsidiary bodies which are being held in Bonn, Germany, between 28 July and 7 August 1997. This update provides informal observations on activities over the August 2-3 weekend. Included, as well, are the following supplemental reports on meetings held over the past few days:

- (a) A report on the July 30 SBI contact group on Non-Annex I National Communications prepared by USDA's Carol Whitman;
- (b) A report on the first session of the July 31st AGBM "non-group" on QELROS as well as a chart on GHGs and sinks to be included in QELROS prepared by Carol;
- (c) A report on the second session of the July 31st AGBM "non-group" prepared by David Doniger;
- (d) A report on the August 1st meeting of the AGBM "non-group" on institutions; and
- (e) A report on the August 1 SBSTA contact group on the methodological work program; and last but not least,
- (f) A report on the August 2nd "non-group" meeting on Article 4.1 prepared by USAID's Leslie Cordes..

Also of interest to observers will be the attached copy of the August 2nd issue of ECO, the satirical rag prepared by the environmental groups here. More controversial than most, it allegedly contains a scoop concerning Japan's numbers. See the text of this report for the details..

The final paragraphs of this report can be used as a DAR item as desired or appropriate.

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Climate Change Negotiations, Update No. 6: Japan in a Tizzy Over Alleged "Numbers" Report in ECO; Chair Established a Group on Policies and Measures

The "Trattoria" Meeting: "Non-Groups" Trudge On

Working against both the clock in Bonn (due to a prior booking, the Hotel Maritim, where this conference is being held, is not available on August 8) and the clock in Kyoto where the expected protocol or another legal instrument is set to be concluded next December, delegates worked over the August 2/3 weekend. Reports from the chairs of the three "non-groups" established by AGBM Chairman Estradas were delivered at an hour long meeting of his "Trattoria" group on Saturday afternoon. In general, all three groups are reading through their respective texts with only a few short paragraphs agreed upon in the group on "institutions." In some instances, it appears that the revised texts may, in fact, be longer than the original one (Article 4.1 perhaps being a case in point, thanks to the latest U.S. submission).

QELROS

Prior to presenting his report, the Brazilian Chair caused much mirth in the room by declaring that the QELROS group had finished its work and -- waving the two page copy of ECO with its Japanese expose on possible numbers -- said that this was his report. The Chair stated that it had been decided that the compliance aspects of QELROS had been transferred to the "institutions" non-group for negotiating. On the other points which had been discussed thus far, he said the following:

- (a) on gases: he said that he felt that he would be able to produce a one page unbracketed text that will say that all GHG are to be considered, but that at this round, a specific list will be highlighted. The periodic review of these gases and of possible criteria for including them will also be provided for.
- (b) the nature of the target: various alternatives for the nature of the target (such as multi-year or single year) were discussed. The Chair expressed confidence that consensus would be reached.
- (c) flexibility: several issues were discussed. These included: (1) the baseline for Russia and the other economies in transition; the EU is supporting their request for 1987 with some conditions; (2) on banking, the issue of non-compliance arose so a decision

will have to await a decision by the "institutions" group on this topic; he noted that the section on borrowing had been bracketed; (3) emissions trading: a small group of countries will meet to produce a bracketed text; and (4) compensation: the Chair mentioned that this proposal is not acceptable to many governments; accordingly, a few governments are also meeting in a drafting group to try to come out with a bracketed proposed text. Outstanding sections of the text which still require a first reading include those on the measurement/reporting of information; the review of implementation and compliance; and the voluntary application of commitments (such as our Annex B concept).

Institutions

Japan's Shibata reported on progress in his group which, included, he said, agreed text on recognizing the the proposed protocol's subsidiary bodies as SBI and SBSTA and of the GEF as its financial mechanism. This latter decision caused a bit of a kaffuffle with Ambassador John Ashe of Antigua/Barbuda who has been arguing for a new financial mechanism for any new protocol or other legal instrument. We pointed out, much to Ashe's chagrin, that this text had been agreed to with G-77 representatives in the room. It will now be difficult for him to raise it again in plenary (although he will undoubtedly try to do so). Shibata has taken the views of Parties on board regarding a preamble (we oppose one but have loaded it up with suggestions to balance contributions by other Parties). A new proposal will emerge on Monday.

In other areas, Shibata noted that institutional mechanisms and final elements have yet to be discussed. The question of a compliance mechanism was raised. It was decided that this must reflect the actual nature of the agreement, so this discussion is somewhat premature.

Article 4.1

A new text has been prepared, although it is not clear whether it will be further revised before October (or earlier if the Chair feels he must come up with his own text). The entire text is bracketed, and the Chairman of the "non-group", Ambassador Evans-King of Trinidad/Tobago, said that no effort had been made to come to any agreement on the contents. There was a round of discussion as to whether this group might resume its discussions later this week in an attempt to consolidate more of the text.

Estrada expressed concern that this text is actually longer than it was at the beginning of the week. Both the EU and the G-77/China wanted to postpone any action until October (with the G-77 pleading that there are too many scheduling conflicts and that the group needs time to digest the text, with the EU echoing the same points; in fact,

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one suspects the EU wants to concentrate its energies, such as they are, on the PAMs group which the Chairman has established; see below for the nitty-gritty). We suggested that we use Monday and Tuesday to review the text and use Wednesday for another round of talks if we have been able to reach any agreement. This view was supported by Estrada and grudgingly accepted by the other participants at the meeting.

In addition to describing the work ahead for this "non-group", Evans-King did note that some of the proposals appear to him to be clearly outside of the Berlin Mandate. He indicated that this issue would have to be addressed at the October meeting.

Policies and Measures (PAMs) Again Resurgent

On August 1, the EU held another gathering on policies and measures, and for the first time, invited the U.S. to attend. We did so, but for the first time we can recall, the usually loquacious Dr. Pershing remained silent, somewhat to the irritation of the Netherlands which has taken to lead in pushing PAMs within the EU. The EU has produced a paper which will form the basis for discussions on this topic. This non-group will meet next Monday and Wednesday. Chosen to chair this "non-group" (after the UK turned him down) is Mauretania's Mahmoud Al-Gharouth who is also the chair of the SBI. Asked why Al-Gharouth was chosen, Estrada told us ominously: "Because he will produce a result."

Japan in a Tizzy

Events during Saturday were enlivened by a leak in the leading Japanese daily which claims that Japan has "numbers" for a target and states that this was discussed at a meeting with the U.S. on July 31. The Japanese were incensed by this obvious leak. Pouring even more salt on this wound was the August 2nd issue of ECO (copy attached) which emphasized that if the Japanese proposal is realized, Japan's emissions will be allowed to increase by 24 percent in 2010 (with the U.S. staying even). The EU as a whole would be allowed to increase by 30 percent, while overall Annex I emissions would rise by 10 percent. In response, Ambassador Tanabe denied the report was accurate during the Estrade conflagration.

Dinner with the EU

At an informal dinner hosted by Germany on August 1, several issues were discussed. Canada mentioned that it was considering a 1988-92 baseline, although both the U.S. and the UK cautioned against making such proposal, both Germany and the

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Netherlands sounded quite positive. On PAMs, Daniel Reifsnyder took Bert Metz to task for the deceit shown by the Netherlands at the July 30th meeting of the Common Interest Group. When asked point-blank whether the EU had a paper on PAMs prepared, the Netherlands representative (Metz's deputy) denied that this was the case. Dan also zeroed in on the EU's unrealistic numbers during the ride back into town (it's a wonder she didn't drop him off along the way). The Dutch indicated that they are prepared to host a working level meeting on climate discussion at a Swiss resort over the weekend prior to the next round of talks in October if Estrada and other Parties agree.

The following paragraphs can be used as a DAR item as desired or appropriate:

Climate Change Negotiations, Update No. 6: Japan in a Tizzy Over Alleged "Numbers" Report in ECO; Chair Establishes a Group on Policies and Measures

Working against both the clock in Bonn (due to a prior booking, the Hotel Maritim, where this conference is being held, is not available on August 8) and the clock in Kyoto where the expected protocol or another legal instrument is set to be concluded next December, delegates worked over the August 2/3 weekend. Reports from the chairs of the three "non-groups" established by AGBM Chairman Estradas were delivered at an hour long meeting of his "Trattoria" group (an expanded "friends of the chair group named after the dive in Bad Godesberg where the first meeting took place) on Saturday afternoon. In general, all three groups are reading through their respective texts with only a few short paragraphs agreed upon in the group on "institutions." In some instances, it appears that the revised texts may, in fact, be longer than the original one (Article 4.1 perhaps being a case in point, thanks to the latest U.S. submission). In addition, the Chairman announced the formation of the long-expected fourth "non-group" on policies and measures. This will focus on an EU draft text to which we have made no input.

Japan, meanwhile, upset by a report which appeared in the August 1st edition of the leading Japanese daily newspaper. It claims that Japan has "numbers" for a target and states that this number was discussed with the U.S. on July 31. A description of the purported Japanese formula was later reproduced in ECO, the daily environmentalist rag, which gleefully trashed the targets for giving developed countries, as a whole, an increase of 10 per cent by 2010 in GHG emissions (Japan can rise 24 per cent under this formulation; the EU can rise 30 per cent; while the U.S. stays even.) The head of the Japanese delegation denied the report at the "Trattoria" meeting. (Hambley)

(A)

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SBI Contact Group on Non Annex I National Communications
July 30, 1997, 11:00-13:00
Carol Whitman

The Contact Group on Non Annex I Communications was cochaired by Mr. Dan Reifsnyder (USA) and Mr. Kok Kee Chow (Malaysia). The group was tasked with establishing a process to develop text for consideration by SBI in October on a review process for non Annex I communications. Annex I delegates (EU, UK, USA) were for the most part focused on establishing a process to review and synthesize non Annex I communications, while acknowledging the continuing need for financial and technical assistance for their preparation. Non Annex I Parties thought improving financial and technical assistance for preparation of communications should be the focus of the group (ZIMBABWE for the Africa Group, PHILIPPINES). ARGENTINA noted the need for additional methodologies for estimating emissions from land use change and forestry (particularly burning) in developing countries and to take into account special national situations and requirements. THAILAND commented that many Parties were not even aware that there was a format for the preparation of non Annex I communications, and therefore, the focus should be on preparation of reports since there are few, if any, reports to review. CHINA emphasized the difference between Annex I and non Annex I communications and the necessity of creating different consideration processes for this information. ZIMBABWE indicated that in-depth reviews would be appropriate only on a voluntary basis. The G77/CHINA will submit their views. The chairmen concluded that continuing focus on preparation assistance was needed, while consideration of the schedule for reviews of over 130 communications was necessary for the Secretariat to manage their workload and there was the practical issue of the region from which communications come (since reviews might most sensibly be organized on a regional basis). A session on financial resources was suggested. The chairmen suggested intersessional consultation would be useful.

(B)

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AGBM—Contact Group on QELROs
31 July 1997, 15:00-18:00
Carol Whitman

Chairman Gylvan Meira Filho (Brazil) opened the meeting with instructions to the group, expressing hope that when it is not possible to agree on text, very clear alternatives can be presented for consideration in October. In order to simplify discussion, references to Annex A (USA proposal), or Annex X (EU proposal) would be to Annex Q; Annex Q1 would refer to a list of voluntary participants such as the USA proposal for Annex B; and Annex Q2 would refer to Annex 2 of the FCCC (as in the Russia proposal). SAUDI ARABIA noted that the chair's designation of annexes should not prejudge their inclusion in the instrument. Items to be included in the QELRO discussion include: coverage (which gases, methodological issues, reporting); level and timing (what do these mean, what units, more than one gas, distribution of targets among Parties); flexibility (with CEITs—particularly baseline year, JI, emissions trading); consideration of impacts on developing countries; coordination and communication of information; reporting and review of information; and voluntary application of commitments by Annex Q1. The first item for discussion was coverage, i.e., which greenhouse gases not controlled by the Montreal Protocol will be included in the instrument.

The attached table summarizes 34 Parties stated positions on coverage of greenhouse gases and inclusion of sinks during the discussion. ZIMBABWE asked for clarification of what gases were covered by the Montreal Protocol and CHILE suggested a Montreal Protocol approach with a list of GHGs for mandatory inclusion (sources and sinks), and a second, indicative list that would eventually be tackled. The Chairman pointed out the differences between the Montreal Protocol and this agreement. CFCs are artificial and the object is elimination, whereas no one is considering eliminating GHGs. He proposed language such that anthropogenic emissions by sources and removals by sinks of all greenhouse gases not covered by the Montreal Protocol be included, indicate criteria for action, and then have an amendment procedure where this is reviewed and modified. Several Parties noted that the use of criteria in the agreement would lead to uncertainty in what is in and what is out, and that the inclusion of methodologies in the text would be problematic.

The Chairman next took up the issue of gross versus net emissions, i.e., inclusion of sinks. There was recognition that inclusion was an issue of methodology, but that sinks were an important mitigation tool. NORWAY conceded that forest sinks were not a permanent solution to atmospheric GHG accumulation, but a valuable interim tool, and indicated their sink estimates were very reliable (as did the USA). AOSIS, POLAND and JAPAN did not favor inclusion of sinks. HUNGARY favored inclusion of sinks without netting. OPEC, INDONESIA, CHINA, and ICELAND also favored inclusion of sinks.

(B) Positions on GHGs and sinks to be included in QELROs.

Country	Coverage	Sinks	Comments
Kuwait	Comprehensive	Yes	
Norway	Comprehensive, specifying CO ₂ , N ₂ O, CH ₄ , SF ₆ , PFCs, HFCs.	Yes	All sectors.
UK (EU)	CO ₂ , CH ₄ , N ₂ O with SF ₆ , PFCs, HFCs phased in by 2000.		All sources. Agree with USA that standard measurement is needed (IPCC).
Egypt	Comprehensive.		
Indonesia	Comprehensive, initially focused on CO ₂ , other GHGs phased in.	Yes	
USA	Comprehensive, for GHGs with GWPs listed by IPCC.	Yes	Would there be an amendment procedure to add gases? If new gases are added by 2000, what is the difference if the actual target is 2005?
Canada	Comprehensive.		Suggested language from Art. 4.1(a) and (b): For purposes of agreement, QELROs shall apply to anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol.
Saudi Arabia	Comprehensive.	Yes	
Japan	CO ₂ , sources only.	No	For a legally binding agreement, accuracy is necessary and there is no consensus outside of CO ₂ . Other gases may be added later.
Australia	Comprehensive.	Yes	Support Canadian language.
Georgia	Use recommendation of IPCC.		
Samoa	Comprehensive, with initial focus on CO ₂ .	No	Adopt commitments for non-CO ₂ GHGs at first Meeting of the Parties.
Iran	Comprehensive.	Yes	
Chile	CO ₂		A gas x gas approach which adds non-CO ₂ GHGs later.
Hungary	CO ₂ , CH ₄ , N ₂ O, 2 stages of commitments.	Yes, but no net.	May have one list of most accurately measured GHGs with stronger commitments, and a second list with soft commitments.
Poland	CO ₂ , CH ₄ , N ₂ O with SF ₆ , PFCs, HFCs phased in by 2000.	No	Support EU approach. Considers uncertainties in sinks greater than non-CO ₂ .
Qatar	Comprehensive.		
Kenya	CO ₂ as initial priority.		
Venezuela	Comprehensive.	Yes	Technical problems can be dealt with in deadlines.
Nigeria	Comprehensive.		
United Arab Emirates	Comprehensive.		
Marshall Islands	Comprehensive, with initial focus on CO ₂ .		Adopt commitments for non-CO ₂ GHGs at first Meeting of the Parties.
Oman	Comprehensive.	Yes	

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[illegible]

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OELROS Non-Group, Second Session, July 31, 1997

Notes by David Doniger

The second session of this non-group, chaired by Brazil's Gylvan Miera de Fihlo, addressed the "nature" of targets and baselines. He encouraged delegates to leave discussion of proposed numbers associated with targets until later, and to discuss today the form or nature the targets should take.

Budgets. The U.S. summarized its proposal for an all-gas target on a multi-year budget basis, with a budget period (3-10 year period). A number of other countries spoke in favor of multi-year budgets: Japan (5 years, CO2 only), New Zealand (5 years, all gases, multiple budgets), Norway (3-5 years, 6 gases), Russia (10 years, 3 gases), Canada (period unspecified, all gases). The UK (for EU) said it saw "some advantage" in budget periods and could support 3-5 year budgets if the first budget period starts right after 2000 to give "continuity" with the current aim, and if there is a strong compliance regime. (The US noted that all proposals, even those commencing with a target in 2005, create a gap between 2000 and that start date.) AOSIS countries spoke in favor of single year targets. Poland suggested that the protocol could include both single-year targets and multi-year budgets.

GWPs and Alternatives. Most countries supported combining gases on the basis of their 100-year GWPs, according to the IPCC methodologies. Japan urged a CO2-only approach, saying that the GWPs and emissions methodologies are too uncertain. Brazil proposed basing the protocol not on emissions, but on increments of realized temperature increase.

Baselines. Most countries spoke in favor of a 1990 baseline. Several countries (Canada, New Zealand) suggested multi-year baselines (e.g., 5 year base-periods)

Long-Term Objectives. The UK (EU) referred to its proposed long-term concentration objective of 550 ppm CO2. The AOSIS countries urged that the Protocol set the objectives of preventing either a 2 degree temperature increase or a 20 centimeter sea level rise. The US spoke in favor of the Japanese proposal that countries cooperate in work on a long-term objective, but that it is premature to pick an indicator now.

Banking and borrowing. There was general acceptance of banking, and vociferous opposition to borrowing. US spoke in favor of both banking and borrowing. Only Norway offered qualified support on borrowing.

Compliance. The UK (EU) stated that the US compliance proposals are a good basis for discussion. They supported elaborated requirements for inventories, data reporting, etc. The US laid out its approach in detail, including linkages with emissions trading. Thailand (G-77/China) and AOSIS countries urged additional penalty commitments for Annex 1 countries that miss their aim to return to 1990 levels by 2000. Brazil and Costa Rica supported a "Green Development Fund" financed by a non-compliance charge on Annex 1 countries (based on each ton of emissions in excess of targets — in a separate presentation, Brazil suggested \$10/ton). Australia expressed concern about giving the Parties to the protocol open-ended authority to elaborate enforcement measure; countries need to know in advance of ratification the nature of the penalties they may face. Australia also supported providing Parties that exceed their targets the right to renegotiate them.

(D)

AGBM-Institutions Non-Group Meeting Summary, Friday Morning, Aug 1:

The Chairman, Mr. Takao Shibata of Japan, opened the session by emphasizing that this group was to develop streamlined, consolidated text for further negotiations. Mr. Shibata proposed to break the discussion into the following elements: 1) preamble & definitions, 2) institutions & mechanisms, 3) review & compliance. The preamble section was discussed at great length, with most Parties supporting a suggestion that Mr. Shibata draft a very brief section of preamble language, based on the 10 proposals, but eliminating duplication among the proposals and also eliminating selective references by making a blanket referral to the complete preambles to both the Convention and the Berlin Mandate. Other views which were raised included the desire of several Parties to keep the selective references to the BM & FCCC because of the nuances expressed in those views, and the U.S. view that there should be no preamble text whatsoever (although as a contingency, we also proposed providing Mr Shibata with some of our own suggestions for preambular text).

There was agreement on ensuring that the COP for the FCCC would also be the COP for the new protocol, but there was not agreement on whether it would be sufficient to state that only the Parties to the new protocol could vote on protocol matters (by referencing Article 17.5 of the convention) or whether it would be necessary to provide specifics for meetings of the Parties to the protocol.

On the Secretariat, the Subsidiary Bodies, and the Coordination & Financial Mechanisms, there was consensus to keep just one proposal which basically states that the institutions and mechanisms established for the COP of the FCCC would serve also the Parties to the new protocol (or instrument).

Iran raised its concerns about the new financial mechanism proposed by the G-77, but Mr. Shibata assured them that this mechanism would be discussed by the QELRO non-group.

On the review of implementation and compliance mechanisms, the Chairman noted the duplication of ideas among three proposals, and requested that the U.S., Canada, and Japan get together themselves to develop consolidated text.

The group will reconvene on Monday.

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SBSTA - Methodological Work Programme Contact Group Meeting: August 1

At last, the Methodological Work Programme Contact Group concluded its efforts to develop text for SBSTA today. Basically, the group kept the consensus reached on the priorities of the FCCC Secretariat's tasks on methodological work for the biennium highlighting issues of importance to the developing countries. Specifically, the contact group agreed to add the following items to the recommended conclusions for SBSTA text: 1) the importance of "regional balance" bearing in mind the examples given in Article 4.8 for selecting the experts to participate in the FCCC Secretariat's work programme, and 2) explicit request for the FCCC Secretariat to report on its progress to SBSTA, and 3) at the next session, the SBSTA will begin to consider terms of reference for expert contribution to and review of methodological documents developed by the Secretariat.

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TO: Delegation
FROM: Leslie Cordes
RE: Article 4.1 Non-Group Meeting: 8/2 Morning session

The Article 4.1 non-group concluded its first reading of the text at today's session. Upon completion, the Chairman expressed his intention to have a clean (albeit heavily bracketed) text available for delegates in the afternoon in the hope that progress could be made for October's meeting of the non-group.

Notwithstanding specific changes which will be self-evident in the new Chairman's draft, several themes were evident during the session. The G77 and China reiterated their previous requests for additional language in the text specifying the financial resources that could be made available to developing countries to help meet their existing commitments. Language on indicators, sustainable management of sinks and reservoirs, and national assessments of gcc impacts also prompted G77 and China interventions on the need for additional funding mechanisms.

Additionally, the G77 and China added specific references to the impacts language on the necessity of studying the "adverse impacts [of climate change] on human settlements and their social and cultural practices". OECD countries renewed their efforts to prevent the addition of new text that merely repeated the language of the Convention.

The day concluded with a final intervention by the G77 and China proposing the addition of a new paragraph in the text to establish a fund for the provision of additional financial resources for developing countries to assist them in the implementation of their current Article 4.1 commitments. India followed the G77 and China proposal with a strongly worded statement decrying the inadequacy of Annex I's efforts to meet past commitments, and what he perceived as new commitments for developing countries.

CLIMATE NEGOTIATIONS BONN JULY-AUGUST '97 NGO NEWSLETTER

ECO



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ECO has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the Climate Negotiations in Bonn, July-August 1997.

Japan Announces Kyoto Killer Target?

by Ecn reporter

A report in the *Yomiuri Shinbun* newspaper from Washington, D.C., August 1, by Kunimatsu Toru outlines a proposal that Japan has made to the USA that would kill the Kyoto negotiations if adopted. The proposal which ECO believes can be sourced to MITI specifies the "p" and "q" of the Japanese protocol proposal. Parties can choose in 2010 to have achieved:

a) A per-capita objective of 3.0 tons carbon per year. (the Annex I average in 1990 was around 3.6 tonnes per capita)

b) National emissions at or below 1990 levels

ECO has analysed this proposal assuming that Parties would choose the option that gives them the highest emissions in 2010. From this it is clear that overall Annex I emissions could increase by around 10% by 2010, with Japan being allowed to increase in absolute terms by over 20%. Japan's current per-capita emissions are 2.6 tonnes of carbon per capita. It would further allow the EU to increase by 30% by 2010 as its per capita emissions in 1990 were below Japan's at around 2.5 tonnes of carbon per capita. ECO tabulates below the emissions

continued over

	1990 GgC	1990 CO2 emissions tC/cap/yr	1990 Population	2010 Population	2010 Emissions under Japan's p and q proposal GgC	2010 emissions relative to 1990 levels under Japan's p and q proposal
Australia	78,809	4.61	17,086	22,030	78,809	100%
Austria	16,145	2.09	7,712	8,158	24,438	151%
Belgium	31,203	3.13	9,967	10,099	31,203	100%
Bulgaria	22,634	2.52	8,991	8,907	26,706	118%
Canada	126,175	4.74	26,639	34,070	126,175	100%
Czech Republic	45,216	4.36	10,362	8,231	45,216	100%
Denmark	15,894	3.09	5,140	5,270	15,894	100%
Estonia	10,308	6.51	1,583	1,629	10,308	100%
Finland	14,700	2.95	4,982	5,190	15,588	106%
France	99,964	1.76	56,718	60,034	180,107	180%
Germany	276,588	3.48	79,479	84,112	276,588	100%
Greece	22,391	2.21	10,123	10,349	31,044	139%
Hungary	19,547	1.85	10,553	10,569	31,680	162%
Iceland	592	2.32	255	312	930	157%
Ireland	8,376	2.39	3,503	3,502	10,506	125%
Italy	116,984	2.03	57,663	58,297	174,891	150%
Japan	315,000	2.55	123,537	130,578	391,734	124%
Katva	6,266	2.33	2,687	2,704	8,112	129%
Luxembourg	3,094	8.29	373	418	3,094	100%
Netherlands	47,455	3.18	14,943	17,031	51,003	107%
New Zealand	6,948	2.05	3,392	3,937	11,961	177%
Norway	9,686	2.28	4,246	4,622	14,076	145%
Poland	113,163	2.96	38,180	41,535	124,758	110%
Portugal	11,495	1.16	9,868	10,065	30,704	267%
Romania	46,664	2.01	23,207	25,108	75,324	161%
Russian Federation	651,469	4.39	148,284	163,335	651,469	100%
Slovakia	15,894	5.86	2,710	3,155	15,894	100%
Spain	61,997	1.59	38,959	40,453	121,395	199%
Sweden	16,706	1.95	8,566	9,257	27,771	165%
Switzerland	12,292	1.83	6,712	7,455	22,365	182%
United Kingdom	157,367	2.74	57,411	59,716	179,148	114%
United States	1,351,915	5.41	249,975	296,089	1,351,915	100%
Total	3,732,938	3.58	1,043,806	1,139,436	4,160,300	111%

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	1990 GgC	1990 per capita CO2 emissions (tonnes of carbon /cap/yr)	1990 Population	2010 Population	2010 Emissions under Japan's p and q proposal GgC	2010 emissions relative to 1990 levels under Japan's p and q proposal	EU burden sharing for 2010
Austria	16,145	2.09	7,712	8,146	24,438	151%	75%
Belgium	31,203	3.13	9,967	10,090	31,203	100%	90%
Denmark	15,894	3.09	5,140	5,270	15,894	100%	75%
Finland	14,700	2.95	4,982	5,196	15,588	106%	100%
France	99,964	1.76	56,718	60,034	180,102	180%	100%
Germany	276,588	3.48	79,479	84,112	276,588	100%	75%
Greece	22,391	2.21	10,123	10,348	31,044	139%	130%
Ireland	8,378	2.39	3,503	3,502	10,506	125%	119%
Italy	116,984	2.03	57,663	58,297	174,891	150%	93%
Luxembourg	3,094	8.29	373	418	3,094	100%	70%
Netherlands	47,455	3.18	14,943	17,001	51,003	107%	90%
Portugal	11,495	1.16	9,868	10,068	30,204	263%	140%
Spain	61,997	1.59	38,959	40,465	121,395	196%	117%
Sweden	16,706	1.95	8,566	9,257	27,771	166%	105%
United Kingdom	157,357	2.74	57,411	59,716	179,148	114%	90%
Total	900,360	2.46	365,407	381,920	1,172,868	130%	90%

Source FCCC/1996/12 and Add.1 and Add.2 for national emissions data and World Resources Institute 1995 for population data and projections to 2010.

—from front page

implications for the Annex I parties and for the EU.

This proposal was made in the U.S.-Japan bilateral negotiation on July 31. ECO believes that Japan is about to start a series of bilateral meetings with EU countries and others. All Parties should reject this proposal.

THANKS

The Climate Action Network would like to thank the Environment Ministries of Germany, Denmark and the Netherlands, who have provided funding for Eco. With resources contributed by: APC Networks and EuroFax.

List of Recipients for
Periodic Updates from the Climate Talks
Bonn, Germany
July 28 to August 8, 1997

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31 July 1997

To: Please See Attached Listing

From: USDEL/Bonn, Mark G. Hambley

Subject: Climate Change Negotiations, Update No. 4:
Report on Subsidiary Body and AGBM Meetings for July 30/31

This is one of a series of reports on the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change and its three subsidiary bodies during their July 28 to August 7 sessions in Bonn, Germany. This update provides informal observations on activities from the afternoon sessions on Wednesday, July 30th, through meetings on Thursday, July 31st. We are also including more detailed reports prepared by other USDEL members, including a wrap-up report prepared on the AG-13, SBSTA activities on July 30, and a report on the Climate Technology Initiative. The most recent issue of ECO, the satirical rag prepared by the environmental groups here (which is often critical of U.S. positions, subsidized, as it is, by the environment ministries of Denmark, the Netherlands, and Germany) has been sent to you separately. The final paragraphs of this report can be used as a DAR item as desired or appropriate.

Climate Change Update No. 4, for July 30/31: Estrada Opens AGBM with Elliptical Criticism of U.S. Proposal; AG-13 Concludes, while SBI Approves a Budget

All Eyes On the AGBM

Although much work remains in both the SBI and SBSTA, the attention of the hundreds of delegates and observers attending the current climate change talks focused on Thursday on the Ad Hoc Working Group of the Berlin Mandate (AGBM) which held its first plenary on the morning of July 31. Prior to the session, the Chairman, Ambassador Raul Estrada of Argentina, briefed all JUSCANZ members (US, Japan, Canada, New Zealand, Australia, Switzerland, Norway, Turkey, Korea, and Mexico) about what he expects this session to accomplish. Nothing new was said that we have not already heard. The Chair outlined his hopes for the session and called on governments to show flexibility. In a dig at Australia, he noted that there are two camps of differentiators -- those (like Japan and Norway) who want to use differentiation to reduce (or limit) greenhouse gases through their proposals -- and "the other camp." (meaning Australia). He did not mention the U.S., but listened patiently to our reiteration of the importance we attach to structure over numbers.

U.S. Position "Criticized"

The Chairman saved his criticism of the U.S. for a more public forum. In his opening remarks to the plenary, he emphasized repeatedly that we (the delegates) must respect the Berlin Mandate. He indicated that he has heard "voices" which want to expand this mandate. To these voices he responds: "we must comply with the mandate; not reform it." He mentioned (as he has to us on repeated occasions at this and earlier meetings) that for those trying to expand the Berlin Mandate, there are ways in which this can be done. He noted that proposals can be submitted to the Conference of the Parties and to the Subsidiary Body on Scientific and Technological Advice (SBSTA) or the Subsidiary Body on Implementation (SBI). He stated that the Berlin Mandate aims to establish new commitments for Annex I Parties and imposes no new obligations on developing countries. He recalled that the Berlin Mandate had been adopted because it had been determined that developing countries -- having recognized that they must take the lead in addressing the climate change problem -- had decided that the voluntary goal of reducing greenhouse gas emissions to 1990 levels by the year 2000 was inadequate. With the exception of a few (sic: only two by our current count) countries, as a group, Annex I was failing to reach this voluntary aim.

But So is the "Greener" EU

Later in his remarks, Estrada said that two important Parties (read Japan and the U.S.) still need to come up with numbers. However, our erstwhile "green" European colleagues did not escape unscathed. Estrada called their call for 15 percent reductions by the year 2010 a "positive step." Yet, he said that we need some "precision" as to how this obligation will be met. In this regard, he referred to Article 22.3 of the Convention which, in the context of ratification, acceptance, and approval, or accession to the convention, specifies that in their instruments in this regard, regional economic integration organizations "...shall declare the extent of their competence with respect to matters covered by the Convention." This point has been made to the EU on several occasions by Australia.

Other Speakers

Also speaking at the morning plenary were the Convention Executive Secretary, Michael Cutuyar and the head of the IPCC, Prof. Bolin. Cutuyar made two points. He said what is needed in Kyoto is a clear agreement -- implying (quite correctly) that parts of the existing convention ((especially Articles 4.2 (a) and (b) on developed country obligations) are confusing. His second point focused on the desired result from Kyoto: an agreement which sends a strong signal that is verifiable. Prof. Bolin, meanwhile, repeated many of the themes he has made in the past. These include his assertion, drawn from the science, that this is a global problem which will require cooperation and participation by all Parties, developed and not, if it is to be appropriately addressed.

Following these addresses, the Chair opened the floor for general comments and/or elaborations on proposals submitted since the last meeting in April. These were made by Tanzania (speaking on behalf of the G-77/China), Luxembourg (for the EU), Brazil, Russia, Slovenia, Uzbekistan, Japan, Saudi Arabia and Zimbabwe (speaking for the Africa group), and the U.S., among others.

A Warning from the G-77/China

Of these, the most interesting (aside from ours, of course) were the ones by Tanzania and Zimbabwe. Saudi Arabia emphasized its views on "compensation", while Zimbabwe stressed the importance that any target (QELROS) should also be accompanied by a full socio-economic assessment of its impact. Tanzania echoed the Chairman by noting that the agreement had to be based on the convention and the Berlin

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Mandate. The delegate read from the convention and the Berlin Mandate the pertinent phrases which describe the common but differentiated responsibilities of Annex I and developing country Parties. He concluded that "concerning any other proposals," the G-77/China will be cooperative but that this cooperation will be guided by two yard sticks -- "the Convention and the Berlin Mandate."

Speaking for the U.S., Dr. Jonathon Pershing once more performed exceptionally. His tone was one of conciliation and cooperation. His remarks were both forceful (emphasizing the importance of "structure" over "numbers" and flexibility among other things). We are transcribing his remarks and will send a copy with tomorrow's Update No. 5.

First AGBM Meetings Moving "Glacially"

The AGBM began its deliberations on Thursday afternoon. Two negotiating groups met, one on Article 4.1 and the second on QERLOS. Neither sparked. The former got through one long and two short introductory paragraphs which all have many brackets. QERLOS was largely devoted to explanations by various countries of specific positions -- OPEC in favor of compensation and the EU and U.S. differing positions on what gases, sources and sinks to include were two of the subjects addressed, in addition to several scientific tangents addressed by the renowned Brazilian Chair (who is the head of Brazil's space agency) which went over the heads of many in the audience (with the undoubted exception of our Dr. Pershing who was certainly in his element).

On Friday, the first meeting of the third negotiating group -- the one on institutions -- will also meet. To everyone's surprise, no group was established on policies and measures. There may be two reasons for this: First, the UK's Peter Unwin's refusal to agree to chair the group (the UK was allegedly concerned about a possible conflict of interest) and, second, the Chair's unhappiness with the EU's failure, thus far, to come up with a new policies and measures (PAMs) proposal as requested by the Chairman at the April meeting.

Whither PAMs?

In this regard, we asked the EU at the July 30 Common Interest Group meeting (see below) if the EU is preparing such a report. The Netherlands representative told us no (although their proposal is being amplified. We know this not to be the case. We believe we have seen the EU circulating, to selected Annex I non-EU members, a paper on policies and measures. We will try to learn more tomorrow at our daily JUSCANZ meeting.

Some Progress in SBI and SBSTA

Other developments occurred in the SBI and SBSTA during the late evening hours on July 30 and during July 31. For one thing, the SBI approved a budget which, from our point of view, contains two positive features (despite a sizeable reduction from the figure proposed): First, it contains a contingency for conference services which, in the past, had been paid for by the UN system (the budget report prepared by the Secretariat) had contained some wishful thinking, in our view, about the "possibility" that the UN would continue to subsidize these expensive (\$2 million maybe?) activities. Secondly, despite China's loud protests, Dan Reifsnnyder finally persisted in having contingency funds for a post-Kyoto process included in the budget.

On arrangements for NGOs (always a touchy topic here), Dan also was alert enough late in the night on July 30 to prevent the SBI from forwarding a "decision" to the COP for its approval. Instead, the SBI agreed that the matter of NGO arrangements will continue to be discussed. The Secretariat had proposed a number of suggestions regarding this topic which made different groups of NGOs unhappy (from matters involving accreditation to others involving their participation in meetings).

Even SBSTA reported some progress. The contact group on the division of labor between SBSTA and SBI finally wrapped up its draft decision for the COP late on Thursday afternoon. Thanks to the patience and good will shown by the DOE's Richard Bradley and Debbie Stowell and other delegates who put up with continuing shenanigans by our German and British colleagues, this draft decision -- if approved -- will authorize joint meetings by the two subsidiary bodies if these are desired. (In fairness, this was a British proposal, initially nixed by China and Malaysia, who were persuaded by the logical defense provided by Dr. Bradley.)

NGO Concerns

One point on which NGOs are united is in their criticism of Chairman Estrada's decision to exclude them from the negotiating sessions. This point was the subject of a long piece in ECO yesterday (practically the only item, so we have not sent it to addressees, although we note it for this informal record here). Business groups complained that no one (including ourselves) had raised the access issue in the SBI or in the AGBM. We told them that we had done so in both private and group meetings with Estrada. The Chairman has agreed to meet regularly with NGOs to brief them on developments, although it is not clear when this procedure will start..

Other issues/questions raised by the environmental NGOs were several rather caustic ones regarding our failure to produce a number and a few on how our raising of the "evolution" issue will threaten to explode the meeting apart. ("Didn't you guys listen to the Chairman and other speakers this morning, they asked?").

Business NGOs raised a wider variety of inquiries. These included queries on the impact of the Byrd Amendment (did we agree with Tim Wirth's comment that this "helps" us), ratification escape clauses, a query about the availability of the working papers from the negotiating sessions, to a request for the specific details of our strategy towards developing countries in the "new circumstances." Using the combined eloquence of Reifsnnyder, Pershing, Doniger, and Even Bloom from L/OES, we were as responsive to all of these as usual.

We met with representatives from almost all of the Annex I Parties in a Common Interest Group (CIG) meeting chaired by Canada for 90 minutes late in the evening on July 30. No new ground was opened. We had hoped to have used this occasion to present our proposals for a U.S./EU compilation text on Article 4.1 during this meeting, but its release had not as yet been authorized. Peter Unwin of the UK (speaking for the EU) must have been clenching his teeth when he repeated the now tiresome EU refrain that all discussion of structure must first await an elaboration of numbers. We countered with our own, contrary view.

At several points, we suggested that Annex I should identify areas where there is broad agreement or potentially compatible texts and try, in small groups, to assist the proposed working groups for the AGBM by trying to forge agreement among ourselves. Although several countries nodded agreement, the EU said that it could not do so (with specific reference to our flexibility clauses) because this would be crossing the line with regard to the EU's insistence on seeing numbers before dealing with structure. We have agreed within JUSCANZ to go ahead with our proposal anyways among ourselves, drawing in the Russians and other non-EU CIG members as appropriate. (Note: Usually, the CIG is an OECD deliberative body; we decided several meetings ago to expand it to include all of the economies in transition and Russia. End Note.)

Muted Reaction, Thus Far, to Our 4.1 Paper

We have had little response as yet to our proposed 4.1 paper which endeavors to take on board views on this topic expressed by the EU and other Parties and which follows the basic EU format. Cornelia Quenett of Germany indicated her pleasure on the last point, but followed this with the unhelpful comment that parts of it go beyond the Berlin Mandate. We did introduce it at the 4.1 negotiating session on Thursday afternoon and at JUSCANZ. Of the two, the latter countries expressed the most support (understandably), although we expect some suggestions from even our closest allies in this process. We will report more on reactions to this paper as time goes on. Suffice it

to note that it is not viewed by anyone (at least thus far) as being a response to the Byrd amendment. We are concerned that we have lost valuable time and have certainly upset the strategy we had anticipated using to gain broader support for this effort and to introduce it as a genuine U.S. (if not JUSCANZ)-EU composite text.

The following paragraphs can be used as a DAR item as desired or appropriate:

Climate Change Update No. 4 for July 30/31: Estrada Opens AGBM with Elliptical Criticism of U.S. Proposal

Although much work remains in both the SBI and SBSTA, the attention of the hundreds of delegates and observers attending the current climate change talks focused on Thursday on the Ad Hoc Working Group of the Berlin Mandate (AGBM) which held its first plenary on the morning of July 31. In his opening remarks to the plenary, Chairman Estrada emphasized repeatedly that we (the delegates) must respect the Berlin Mandate. He indicated that he has heard "voices" which want to expand this mandate (read "the USA"). To these voices he responds: "we must comply with the mandate; not reform it." He mentioned (as he has to us on repeated occasions at this and earlier meetings) that for those trying to expand the Berlin Mandate, there are ways in which this can be done. He noted that proposals can be submitted to the Conference of the Parties and to the Subsidiary Body on Scientific and Technological Advice (SBSTA) or the Subsidiary Body on Implementation (SBI).

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SBSTA Meeting Summary, Wednesday Morning, July 30:

The Chairman, Tibor Farago, proposed a delay in the start of the afternoon SBSTA meeting so that the two contact groups (Methodological Work Programme and SB Division of Labor) could conclude their work with draft recommendations for the full SBSTA meeting. In the morning session, the Methodological Work Programme Contact Group Co-Chair, Harald Dovland, indicated that the contact group had come to consensus on a recommendation of the priorities for funding the various tasks proposed by the FCCC Secretariate for the biennium period. Specifically, the contact group recommended the highest priority for Tasks A under emissions inventories, high priority for Tasks B projections, and priority to Task C3 evaluating effectiveness of mitigation policies and measures, and Task D2, assessing adaptation strategies and technologies. The SB Division of Labor Co-Chair, Mark Hambley, indicated that this contact group was making good progress and hoped to complete its work in time for the afternoon session.

The G-77/China and several other delegations raised the issue of International Technological Assessment Panels (ITAPs), specifically asserting that geographically balanced ITAPs, composed of representatives of SBSTA, should be formed to carry out the specific methodological work rather than the FCCC Secretariat. (One delegation noted that it discontinued attendance at the Methodological Work Programme Contact Group because it objected in principle to the recommended workplan for the FCCC Secretariate, thus dissenting from the contact group recommendation). The Chairman agreed that the SBSTA would discuss ITAPs at the next session of the SBSTA in October, although he also suggested that developing countries which support this concept should provide further information to identify the issues for which ITAPs would be needed to address.

Then, the SBSTA heard presentations on the climate change work being conducted by the following organizations: the Integrated? Ocean Commission (IOC), the Global Environmental Fund (GEF), the World Meteorological Organization (WMO), United Nations Environmental Program (UNEP), and the Intergovernmental Panel on Climate Change (IPCC). Bob Watson of the IPCC indicated that he would welcome further comments from SBSTA and/or from Parties, highlighting a suggestion to indicate specific policy questions for the IPCC Third Assessment Report to try to answer by mid-January of 1998 for inclusion for consideration by the IPCC in preparation for finalizing the structure of the TAR by the IPCC Bureau meeting in March. Australia noted that in addition to assessing all of the climate change activities being conducted by the organizations which gave presentations at today's SBSTA meeting, the IPCC should also consider climate change work being conducted by other organizations, specifying the IKO and IMO as examples.

Methodological Work Programme Contact Group: July 30

The Methodological Work Programme Contact Group completed text to recommend the funding priorities for the various tasks proposed by the FCCC Secretariate for the biennium period. In addition, although the group had recommended specific budgetary amounts for the FCCC Secretariate tasks, the group agreed to the U.S. suggestion that the budget recommendations were "indicative" of the priorities set by the contact group, and that the FCCC Secretariat would be able to allocate whatever resources were ultimately approved by the SBI according to the contact group's priorities. The Contact Group also agreed to strongly

support the methodological work of the other organizations, including IPCC, OECD, IEA, UNEP, and UNIDO.

SBSTA Meeting Summary, Wednesday Afternoon, July 30:

SBSTA continued its discussion of the technology transfer issues, with general support for the transfer of technology to reduce GHG emissions to developing countries, although several Parties highlighted the need for private sector involvement.

SBSTA agreed to have a small working group meeting with the IPCC to discuss further the issues Parties/SBSTA believe should be addressed by the Third Assessment Report. In addition, SBSTA agreed to compile, by January 20, 1998, a document containing further suggestions for the TAR.

The Methodological Contact Group presented its draft recommendations to the SBSTA, but some Parties, including the G-77/China, requested more time to contemplate the draft text, because a few of their members could not agree with the recommended workplan for the FCCC Secretariat. The G-77/ China group agreed to finish its consideration so that an informal group could convene by Friday to make final recommendations to the SBSTA. The SB Division of Labor Contact Group also agreed to finish its recommendations in the next few days so that the SBSTA could review and adopt its recommendations by the Tuesday closing session.

Notes: July 30, 1997

AG13 - 4th (Final) Meeting

During the final meeting of the AG13, delegates reviewed the draft text of the Secretariat's report on this session. The report noted agreement by the AG13 to "aim to complete its work by COP-3," language with which several delegations (Iran, Saudi Arabia, EU, Switzerland) took issue, hoping to see a more forceful phrase mandating completion of the AG13 effort by that time. With some minor modifications, the Secretariat's text proposal on this point was accepted by all delegations. More contentious, however, was the working text for creation of the Multilateral Consultative Committee, which some delegates felt did not accurately include comments and issues raised during the preceding meetings. In particular, Iran and Saudi Arabia sought to re-introduce the issue of "financial and technical" vs. "consultative" assistance as discussed in paragraph 2 of the text. After lengthy discussion, the Secretariat's draft was accepted as an accurate rendition of discussion during previous meetings.

For its part, China noted that paragraph 5 of the text, which outlines the Committee's mandate, did not accurately address the still undecided issue of questions raised by a party about a separate party's implementation of the FCCC, a possibility unacceptable to China and other delegations. New bracketed text was added on this issue noting the unresolved nature of the issue. Finally, the U.S. delegation corrected bracketed text, aimed at avoiding duplication of other FCCC (financial and technical) assistance efforts, submitted the previous day. This text was restructured as a stand-alone item in paragraph 5 to highlight it as a point of important discussion in subsequent AG13 sessions.

To close the session, the Chair noted that although this had not been "an easy session," the group had made positive progress towards drawing out the essence of the issues that will form the nucleus of debate in future sessions. He summarized these issues to include the nature of assistance to be leant by the Multilateral Consultative Committee, which party may trigger proceedings of the committee (i.e., if one party may introduce questions about separate party's implementation), and the uncertain impacts of any agreement resulting from Kyoto. The next session of the AG13 will take place in conjunction with post-Kyoto meetings of the SBSTA and SBI (although scheduling conflicts with meetings of the Subsidiary bodies will be avoided.)

Climate Technology Initiative (CTI)

The Climate Technology Initiative (CTI) Ad Hoc Group organized four side meetings on the margins of the first three days of the subsidiary body meetings. Monday, 7/28 - The CTI Chair, Mr. Seiji Oshima hosted a working dinner for CTI Task Force Chairs and key advisors. The US was represented by Jonathon Pershing, Acting Chair of Task Force 5: Technology Prizes, Rick Bradley, Bob Dixon, Chair of Task Force 2: Technology Aspect of National Plans, and Paul Schwengels, Chair of Task Force 3: Technology Networking and Capacity Building. Tuesday, 7/29 - The Ad Hoc Group met to discuss a full agenda including reports of Task Forces and several action/decision items. Highlights include the following:

- Task Forces including the US-lead activities, and the Task Force on CO2 removal/sequestration, Chaired by Japan reported progress -- the Networking Task Force interim report on technology centers and networks was provided to support an FCCC expert meeting on this subject and reported in the Secretariat paper on Technology Transfer. All Task Forces report continued frustration at the lack of participation by most of the CTI member governments in their activities.
- The IEA Governing Board (in its April Meeting) discussed CTI, expressed strong support and offered to assist the CTI group in enhancing member government involvement.
- The CTI Chair has contacted other international and business organizations -- e.g., E-7, ISO -- and has received expressions of interest from several. Follow-up contacts were discussed notably organizing a seminar for those organizations to present information on their Climate-relevant technology activities at the next SBSTA. The status of ECO-Japan 97, a technology exhibition and symposium to be held in conjunction with COP3 was discussed. CTI will participate in the symposium. Other ideas for participation in COP3 were introduced and discuss, to be revisited at the next CTI meeting.
- The next meeting will be scheduled in conjunction with the Annex 1 Experts meeting in Paris in late-September, as the next round of negotiations will likely be extremely busy.

Wednesday, 7/30 - CTI Regional Symposium Planning - A small groups of CTI members met to discuss a proposal by the Chair for a CTI symposium possibly to be held in Beijing. The group agreed that the symposium should be tentatively scheduled for Spring 98 or late, should be regional in character rather than focused on one country, and should involve active participation/cosponsorship by industry groups. On this basis members will look for support within their own governments and private sectors and discuss this further at the next CTI meeting.

Wednesday, 7/30 - CTI Seminar on Capital Stock Turnover - Over the lunch period the CTI Group hosted a seminar on capital stock turnover and it implications for technology choice. Presentations by Ken Friedman of IEA, J.R. Spradley of Campbell and Graves, and Xu Huaqing of the Energy Research Institute of China provided useful information on rates of stock turnover in different economic sectors, factors affecting these rates and implications for policies to reduce GHG emissions.

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28 July 1997

To: Please see attached listing

From: USDEL/Bonn, Mark G. Hambley 

Subject: Climate Change Negotiations, Update No. 1: Report on the Initial Subsidiary Body Meetings for Monday, July 28

This report covers activities at the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM) of the Framework Convention on Climate Change (FCCC) and its three subsidiary bodies during their July 28 to August 7 sessions in Bonn, Germany. This update provides an unofficial overview of key events from Sunday, July 27th through the initial morning sessions on Monday, July 28th. Although this report is unclassified, it is not intended for use outside the U.S. Government. We are also including a copy of the first edition of "ECO", a periodic publication partially funded by contributions from the environment ministries of the Netherlands, Denmark, and Germany, which provides a unique, although heavily biased, account of the proceedings.

FCCC Update No. 1: SBSTA and the SBI Begin Tackling Tricky Issues of Budget, Division of Work, and Methodology During Busy Morning Sessions

SBSTA and SBI Open on Work Program, Budget, and Methodology Issues

In the absence of the fanfare or long orations which usually accompany the opening morning sessions of the climate negotiations, both the Subsidiary Body on Scientific and Technological Advice (SBSTA), under the chair of Hungary's Tibor Farago, and the Subsidiary Body on Implementation (SBI), under the chair of Mauretania's Mahmoud Al-Ghaouth, launched into their detailed agendas. In the case of the SBI, this involved only a 75-minute truncated session. The SBI's opening was delayed until SBSTA could consider an agenda item shared by both bodies, that involving the division of labor between the two bodies.

After an initial discussion, the SBSTA referred this matter to a contact group to be established in cooperation with the SBI. The SBI endorsed this approach, and the group was established under the co-chairmanship of the U.S. (Hambley for SBSTA) and

the SBI Vice Chair (country identity still fleeting). SBSTA also resurrected its contact group on methodologies under the chair of Norway.

Difficult Budget Discussions Looming

The remainder of the SBI's morning session was devoted to preparations for the detailed discussion of the budget which will take place informally during the July 28th afternoon session. Although the SBI Chair plus the FCCC Executive Director, Michael Cutuyar, both emphasized the importance they attach to resolving budget issues at this meeting, the issues raised in the document submitted by the Secretariat for review make this goal somewhat problematic. OECD countries, as the donors, will be meeting this afternoon in an effort to find some common ground. However, it is clear that the EU is only now just awakening to the implications of some of the figures and to some of the apparent contradictions flowing from the documents proposed for the division of work between the SBSTA and the SBI. Our first soundings indicate that our concerns about particular points of emphasis and the overall total are broadly shared by other OECD partners.

Trouble Brewing from the G-77 and China, Too

It is also apparent that the G-77 and China (and, especially, China, Saudi Arabia and the Philippines) intend to have their voices heard at this session. During the SBI discussions, China's esteemed but laborious Prof. Zhong caustically drew the Chair's attention to the fact that the budget for 1998 makes no provision for the holding of COP-4 during that year despite two interventions made by the G-77 and China at earlier meetings that this is mandated by the Convention. (Both the Secretariat and most of the OECD favor COP-4 to be held in 1999, in part because China wants to postpone consideration of annexes at COP-3 this December.)

The Philippines suggested that the SBI discuss the myriad of amendment proposals which have been circulated (the Chair stated -- somewhat incorrectly in our view -- that these discussions would have to take place at the AGBM, something that Chairman Estrada is known to oppose), while Saudi Arabia and Kuwait asked for deletion of the item about the UNGA's Special Session discussion on climate because this had produced "nothing new or consequential." The Chair declined to do so, although he acknowledged that this discussion were be "perfunctory."

NGO Concerns

Industry representatives have sought a meeting with us on Monday evening to express concern about the Secretariat's proposals concerning NGO participation in the FCCC process. This matter is scheduled to be debated in the SBI on the afternoon of July 29th. Industry and environmental NGOs have both taken issue with their exclusion from the "non/non" contact groups established by AGBM Chairman Estrada at the last meeting and by the supposition that this exclusion will continue at this and at the next meeting.

Industry is also concerned at the "criteria" being proposed for determining which NGOs can be accredited to attend meetings and by the nature of the formal consultative mechanism being proposed. Environmental NGOs have yet to pronounce on these latter points. We noted that NARUC Chairman Dave Johnson is in town, as well, and we are likely to hear more about his standing complaint about difficulties working with the third NGO entity, local authorities, in which they do not really seem to fit.

In addition, the environmental NGOs have asked us to include a representative member on our delegation. We responded negatively for the purposes of this negotiation and remained uncommitted with regard to future meetings. The enviros tell us that they can now come up with an individual acceptable to all shades of environmental opinion, even if industry is unable to do so.

Much Interest in the Byrd Resolution

As expected, there is much interest here in the Byrd resolution and in its implications for U.S. policy. One senior British delegate expressed mock surprise that the U.S. even bothered to show at this meeting after reading the text of the resolution. Other observers appear to accept our assertion that this resolution, while not binding, supports the contention which we made in our maiden intervention at AGBM-1 in August 1995 in which we had emphasized that the climate change problem has global implications which require global solutions. We will be passing out copies of the resolution to AGBM Chairman Estrada and to a few other select delegates.

Other Topics Including Proposed ACAP and U.S.-EU Discussions

On the margins of the official gatherings, we have discussed the New Zealand proposal for an Annex I ministerial in October and additional ACAP and U.S.-EU discussions. The UK's Peter Unwin agrees with us that any Annex I meeting should be held after the October AGBM meeting and not before. In addition, he endorsed the idea of smaller U.S.-EU and U.S.-EU "plus" gatherings prior to Kyoto (the latter to include Japan and Canada and possibly New Zealand; no mention of Australia). This latter meeting could take place in early November.

Unwin underscored the strong resistance among several key EU members to having any "structure" discussions with the U.S. without discussing numbers. Unwin understands our position on this point, however, and suggested that a way could be found to accommodate EU concerns. In any case, Unwin reiterated that he could only speak for the UK, and that a decision about these consultations would have to be taken in conjunction other concerned Europeans.

Regarding follow-on ACAP talks, we will have to await the arrival of senior New Zealand and Australian delegates (Australian MinEnvironment Secretary Roger Beale, Ambassador Howard Bamsey, and Ministry of Foreign Affairs and Trade's Meg McDonald are all in London pressing their differentiation case as a follow-on to their Washington visit; the Kiwis are set to arrive tomorrow).

Canada's Peter Fawcett likes our ACAP proposal, although he is pulling an eileen and transferring abruptly to Copenhagen in two week's time and not staying with this process until Kyoto. Fawcett's place is being taken by Jennifer Irish who will be well-known to USUN hands from her four years at the Canadian Mission in New York.

A Japanese "Surprise" Coming Our Way?

Meanwhile, our Japanese colleagues may be coming up with some additional mischief. A senior member of the Japanese delegation (from the Environment Agency) informed both Daniel Reifsnyder and myself separately that Japan has some "numbers" it wishes to discuss with us following Ambassador Tanabe's arrival in Bonn tomorrow. This delegate strongly implied that Japan may introduce these "targets" at this meeting. He noted, as has been the clear message from the Japanese for the past few weeks, that Prime Minister Hashimoto has instructed Japan to coordinate carefully with the U.S. However, we have been given no indication as to whether, or how, we can influence the Japanese decision to issue numbers.

In a related development, the British tell us that they have heard that the Japanese also intend to issue numbers at this meeting; this appears to us to be an obvious plant by the Japanese environment agency which is known to be pressing for an earlier announcement of numbers than is favored by MITI which prefers adopting a wait (for the U.S.) and see attitude. We will be waiting to see with interest what the Japanese have in mind!

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The following paragraphs can be used as a DAR item as desired or appropriate:

FCCC Update No. 1: SBSTA and the SBI Begin Tackling Tricky Issues of Budget, Division of Work, and Methodology During Busy Morning Sessions

In the absence of the fanfare or long orations which usually accompany the opening morning sessions of the climate negotiations, both the Subsidiary Body on Scientific and Technological Advice (SBSTA), under the chair of Hungary's Tibor Parago, and the Subsidiary Body on Implementation (SBI), under the chair of Mauritania's Mahmoud Al-Ghaouth, launched into their detailed agendas. In the case of the SBI, this involved only a 75-minute truncated session. The SBI's opening was delayed until SBSTA could consider an agenda item shared by both bodies, that involving the division of labor between the two bodies.

The remainder of the SBI's morning session was devoted to preparations for the detailed discussion of the budget which will take place informally during the July 28th afternoon session. Although the SBI Chair plus the FCCC Executive Director, Michael Cutuyar, both emphasized the importance they attach to resolving budget issues at this meeting, the issues raised in the document submitted by the Secretariat for review make this goal somewhat problematic. OECD countries, as the donors, will be meeting this afternoon in an effort to find some common ground. It is also apparent that the G-77 and China (and, especially, China, Saudi Arabia and the Philippines) intend to have their voices heard at this session. During the SBI discussions, China's esteemed but laborious Prof. Zhong caustically drew the Chair's attention to the fact that the budget for 1998 makes no provision for the holding of COP-4 during that year despite two interventions made by the G-77 and China at earlier meetings that this is mandated by the Convention. (Both the Secretariat and most of the OECD favor COP-4 to be held in 1999, in part because China wants to postpone consideration of annexes at COP-3 this December.)

It is also apparent that the G-77 and China (and, especially, China, Saudi Arabia and the Philippines) intend to have their voices heard at this session. During the SBI discussions, China drew the Chair's attention to the fact that the budget for 1998 makes no provision for the holding of COP-4 during that year despite two interventions made by the G-77 and China at earlier meetings that this is mandated by the Convention. Both the Philippines and Saudi Arabia raised additional complaints, some substantive, others not, that appear to indicate a potentially disruptive tone which they may adopt as the week progresses (or degresses, depending on one's point of view). (Hambley)

ecoo

28
JULYFROZEN PJ'S
ISSUE

9

Eco has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the Climate Negotiations in Bonn, July-August 1997.



Eco is delighted that some of the Polish delegation were able to bring their families to Bonn

Monitoring the Monitoring

Cutbacks in funding for monitoring and observation in government science departments and the academic community are endangering climate change detection efforts. There is increasing concern in the scientific community that the quality of basic climatological data available internationally is declining. These cutbacks are in contravention of commitments made in Article 5 of the FCCC.

Article 5 - Research and Systematic Observation - requires that Parties "Support and further develop, as appropriate, international and intergovernmental programmes and networks or organizations aimed at defining, conducting,

assessing and financing research, data collection and systematic observation." Article 5(b) commits parties to "support international and intergovernmental efforts to strengthen systematic observation..."

The World Research Climate Program meets this August in Geneva to discuss monitoring and research and the effects of declining resources. SUBSTA must reaffirm its commitment to Article 5 at this sixth session and formally communicate to the World Research Climate Program at its meeting on the need to strengthen climate monitoring and assessment programmes.

The Cash-free Method?

by Bill Hare, Greenpeace International

The Work Programme and Budget for the Convention Secretariat for the period 1998 and 1999 is of critical significance for the implementation of the convention and of whatever agreements are made in Kyoto to reduce emissions.

The integrity of inventory methodologies, the quality of the work on methodological issues

and capacity to assess the projections of emissions are all fundamental to the fulfilment of the Convention's objectives. Without the highest quality advice in these areas Parties can have little confidence that emission obligations are being met. The adoption of legally binding obligations in Kyoto, as well as the potential for the

continued on back page, col. 1

Giving SUBSTANCE to the TAR

The Sixth Session of SUBSTA will consider further the structure and content of the IPCC's Third Scientific Assessment Report (TAR). Four Parties, China, Egypt, the Netherlands on behalf of the EU and Switzerland, have submitted views. Issues of timing, process and content have been raised.

China would like the TAR to focus on clearing up uncertainties, to better reflect different views and findings, and to assess the impacts on developing countries of actions by developed countries to reduce greenhouse gas emissions.

Environmental NGOs believe that the SUBSTA should request the IPCC to articulate clearly for policy makers what is known, as well as what is not known, particularly as it relates to climate sensitivity and the carbon cycle. In addition, an assessment of the relative importance of areas of uncertainty should be provided, with reviews and assessments of alternative views. In assessing impacts on developing countries, the TAR should take a broad view ensuring that the climate impacts of emission actions by developed countries are included along with economic effects.

Switzerland is concerned that the Second Assessment was not user-friendly for policy makers, and that the IPCC failed to provide a real Synthesis Report - valid points which must be addressed in the TAR. To ensure a more effective process for producing Synthesis Reports, only key IPCC lead authors should be involved in synthesizing the knowledge gained in the TAR process.

In relation to the communication of the IPCC TAR to a wider public SUBSTA should request that IPCC work with the Nations Environment

continued on back page, col.

CLIMATE NEGOTIATIONS BONN JULY-AUGUST '97 NGO NEWSLETTER

Cash-free Method, from front page
introduction of a trading system at a later stage, all add to the pressure for this area of the convention to be as strong as possible. All Parties have an interest in this if only to minimise the potential for "free-riding" on emission commitments via creative accounting, ad hoc or unilateral methodological adjustments.

The main area for this essential work is in the Methodology sub-programme of the Science and Technology division of the Secretariat: document SB/1997/INF.1 p8. outlines the proposed budget in this area.

It is clear, however, that the proposed budget is inadequate to meet even existing demands, let alone those which can reasonably be anticipated in the Kyoto process. The budget provides for only two professional staff in this area, with very limited amounts allocated for additional expert input. The Limits section of the budget for this programme also makes clear that without further resources, work on projections for areas other than energy (such as transportation, industry, waste, agriculture and forestry) will not be possible.

In addition, the proposed budget for this area does not appear to account for the methodologies work programme (SB/1997/INF.2), which is arranged under five clusters - Inventorying, Projections, Mitigation, Impacts and Adaptation, and Cost-Benefit Analysis. This proposed work programme is to be considered by SBSTA and passed to the SBI. The latter three clusters are of lower priority than the methodological work on inventories and projections in the sense that most of this work can be done by other competent bodies (UNIDO, IPCC, UNEP).

Of the US\$ 1,443,000 total for 1998-1999 identified in SB/1997/INF.2 as necessary for inventorying and projections work, only US\$836,000 is allocated in the proposed budget. The Parties need to give priority needs to filling this gap.

No Post-Kyoto Budget

One of the other remarkable features of the Budget proposal is that no funds are allocated to post-Kyoto work. Either this is a profound expression of pessimism on the Kyoto meeting or it is an unwanted oversight.

The Parties should request that the Secretariat make a reasonable estimate as to the additional work likely to flow from the adoption of legally binding emission reductions for Annex I Parties and from the advancement of the implementation of Article 4.1 at Kyoto. There is little reason to expect that the demands on the Secretariat will actually decrease following Kyoto - as Parties well know, it is highly likely that they will be substantially increased.

SUBSTANCE, from front page
Program (UNEP) to develop a communications plan that meets the needs of policy makers and the broader interested public.

The Netherlands, on behalf of the European Union, has submitted a detailed outline of issues the TAR should address. Those should be included in the report of this session of SBSTA for communication to the IPCC Plenary in September. Of particular importance is the need to ensure that the IPCC TAR provide an assessment of the policies required to stabilize CO₂ and other greenhouse gas concentrations.

A further issue which SBSTA should call for the TAR to assess is the implications of uncertainty over future policy decisions on long term CO₂ concentration stabilization levels for near term greenhouse gas emission reduction policy. Research published in this area

should be reflected in the IPCC Special Report on Emission Scenarios and in the TAR itself.

Parties have rightly expressed an interest in seeing the TAR focus more extensively on the regional impacts of climate change. It is important however that the need for a better understanding of regional impacts not translate in the regionalization of the IPCC itself, or cause a breakdown in the coherence of the overall scientific assessment exercise.

The IPCC should make progress in understanding regional impacts. The work should be carried out using global processes where scientists from all regions participate. Such a process ensures not only transparency, but allows the scientific community to learn from each others efforts.

Finally, the TAR must be completed no later than the year 2000.

Please Sir? I want to comply...

The ripple of brackets that frames the AG-13 text reflects the continuing reluctance of many Parties to recognize the need for an effective procedure for reviewing and addressing issues related to an individual Party's compliance. The Chair has been able, through logic and patient persistence, to help delegates identify the main issues and options related to the design of a "Multilateral Consultative Process" procedure, but even as the Group approaches its fifth session, fundamental disagreements remain.

Ironically, submissions to the AGBM process demonstrate an obsessive interest in compliance from a broad range of Parties. Parties want to assess compliance in order to accelerate targets, adjust emissions budgets, fund compensation mechanisms and support clean development, as well as to determine eligibility

for joint implementation. Each of these proposals, which range from the practical to the perverse, would require a process and an institution based on the most progressive elements of the bracketed AG-13 text: a small standing committee of experts empowered to review an individual Party's performance and to form conclusions as to whether it is meeting its commitments.

In a rational world the POALI's parties could build upon AG-13's work and design an Implementation Committee suitable to new commitments that emerge from Kyoto. On the other hand those of us that have so enjoyed the Group's meetings may press for a paragraph of text in the new POALI, requiring "the first meeting of the parties to consider, at its first session, the establishment of a ...".

Ludwig

A greeting to all friends, old and new, as we find ourselves in the salubrious surroundings of the Hotel Maritim... those, of us, that is, who managed to find the front door... Ludwig had always been under the impression that the front door was normally situated at the front of the building... but was obviously seriously misinformed.

He has just returned from a trip to Japan (engaging in essential research into recreational facilities in Kyoto), and was fortunate enough to share the entire 12-hour return flight with a fascinating gentleman from an appliance sales

organisation - is now wonderfully well-informed on that most interesting of subjects. One gem, however, did surface: apparently, the Japanese now require higher capacity refrigerators, as young ladies now find it essential to put their silk pyjamas in the fridge to cool off before going to bed. Ludwig is intrigued by the astonishing parallels with the cold-start problem in climate modelling as identified by the IPCC. He is therefore applying for funding for an in-depth research project into all aspects of this phenomenon, and will of course keep you posted as to his findings.

THANKS

The Climate Action Network would like to thank the Environment Ministries of Germany, Denmark and the Netherlands, who have provided funding for Eco.

Clark set to pay blockaders' bill

But he won't say if offer covers \$2m Alaska wants

By Keith Fraser
Staff Reporter

Premier Glen Clark is offering to pick up the tab for fishermen defending themselves against a lawsuit from Alaska.

The U.S. state is suing B.C. fishermen in Federal Court in Vancouver this morning for blockading an Alaskan ferry in Prince Rupert last week.

The suit names 200 fishermen who took part in the blockade.

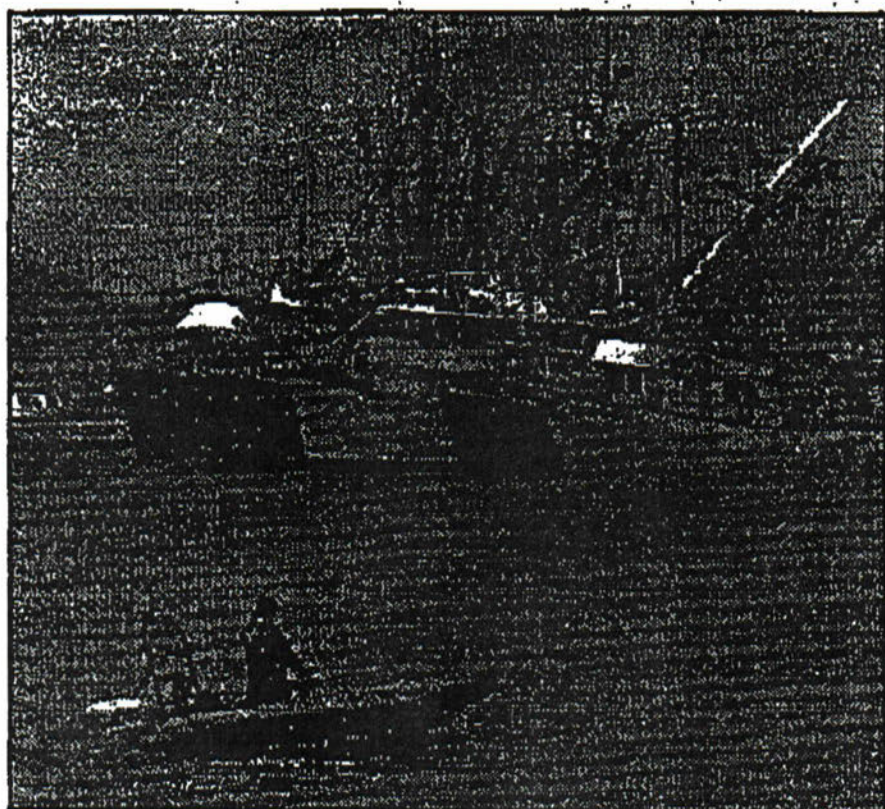
Clark said Ottawa, which is also named in the suit, should pay for the legal bills of the fishermen, but "if they don't, we will."

He admitted the blockade was illegal, but said fishermen were badly let down by Ottawa for failing to reach a Pacific salmon treaty.

"We have to defend our citizens whether they're right or wrong," said Clark.

"The frustration of the fishermen was spawned by the inaction of the federal government. They were desperate."

He couldn't say how much the legal bill might amount to. Nor could Clark say whether B.C. taxpayers will pay up if Alaska gets the \$2 million in compensation it is seeking for losses associated with the blockade.



Police Zodiac keeps an eye on fishing boats during last week's three-day blockade of an Alaskan ferry by B.C. fishermen in Prince Rupert.

Bob King, spokesman for Alaska Gov. Tony Knowles, said the state's attorney-general, Bruce Borsillo, wants to handle the case.

"The attorney-general is the hands-on type lawyer and he wants to see this through, so he will be there in court personally," King said.

The court action follows a three-day blockade of the ferry Malaspina by fishermen frustrated at what they consider to be massive overfishing of

B.C. sockeye by the Alaskans.

The fishermen, who are considering a protest action in front of the court today, could not be reached.

But Reform MP John Cummins called the lawsuit "mean-spirited and petty."

"If anybody should be going to court, the fleet should be taking the Alaskans to court for stealing Canadian fish," said the Delta-South Richmond MP, who support-

ed the fishermen on the blockade.

Cummins said Ottawa should pay the fishermen's legal bills for moving so slowly on the issue.

"The federal government has a lot to answer for in this issue. It's only appropriate they should assume the legal bill."

But Cummins added that he would welcome the province's involvement if it came to that.

Fisheries Minister David Anderson could not be reached.

JOHN RADOSEVIC
'we've been robbed here'

Fishermen preparing countersuit

B.C. fishermen say they're outraged and plan to launch a countersuit against the Alaska government.

United Fishermen and Allied Workers Union president John Radosevic said yesterday his union is seeking legal advice on how best to proceed.

He said fishermen are angry at overfishing of sockeye by Alaskan fishermen and believe their blockade of an Alaskan ferry was justified.

"We've been robbed here," said Radosevic. "We've come home and the intruder has taken our livelihood. We're telling him to get your goddamn hands out of our pockets."

Radosevic said more than six million fish have been "stolen" by the Alaskan during the recent fisheries.

"We're thinking of a legal response for tens and even hundreds of thousands of dollars in losses because the U.S. has refused to enforce the Pacific Salmon Treaty."

He said the fishermen would have to speak to their lawyers to determine where they will launch the lawsuit.

And he was happy to hear that Premier Glen Clark is offering to help pay for the legal bills.

"Clark is pretty popular with the fishermen. He seems to be the only politician standing in our corner."

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: *Bob Boorstin*

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Phone Number: *622-0486*

FROM: *Jonathan Adashek For Todd Stein*

SUBJECT: *Bonn Update*

DATE: *7/29/97*

NUMBER OF PAGES (including cover sheet): *12*

MESSAGE:

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Date 8-6-97

To: Jim Steinberg
Dan Tarrillo
Leon Frenth
Larry Summers
From: The Staff Secretary

Gene Sperling
Bob Borastin

This is the guidance
that State agreed to at
10:30 pm last night. I think
it's fine & makes the basic
points we want made.

Bob

Proposed Talking Points for Bonn
(Final/8-6-97)

- The United States is committed to reaching an agreement that will take serious, substantial steps to limit the emissions of greenhouse gases. We are engaged in an intensive effort to refine specific policies to meet that goal.
- The President is personally committed to this goal.
- At the same time, the United States will not accept an agreement that is inconsistent with the President's fundamental commitments -- first to maintain economic growth while we act to protect the environment, and second that all countries commit to take meaningful concrete steps to address the problem of climate change. These elements are essential for public support in the United States and approval by the U.S. Senate.
- The United States Government will continue working intensively to develop realistic targets, timetables and, as appropriate, further initiatives -- including initiatives concerning developing countries -- that meet our larger objective.
- As we move forward, we will keep you informed.