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21 October 1997

Memorandum

To: Please See the Attached List

From: USDEL/Bonn -- Mark G. Hambley

Subject: Climate Change Talks, Update No. 2: Activities for October 20/21, 1997

This is one of a series of unofficial and informal reports covering meetings and activities related to the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM-8), the Subsidiary Body on Implementation (SBI), and the Subsidiary Body on Scientific and Technological Advice (SBSTA) which are meeting in Bonn between October 20-31, 1997. This report covers activities from the afternoon sessions on Oct 20 through the morning meetings on Oct 21. Although the contents are unclassified, they are not intended for attribution or for use outside the U.S. Government. I am also including the first issue of ECO, the periodic rag published by environmental groups, along with the account of October 20's proceedings as recorded by the respected EARTH NEGOTIATIONS BULLETIN. The final paragraphs can be used as a submission to the Daily Activities Report (DAR) as desired or appropriate.

Climate Changes Talks, Update No. 2: Speculation About Pending U.S. Moves Dominate Proceedings as Discussions in SBI and SBSTA Continue

More Nails in the Coffin of AJJ with Credit at COP-3?

The Subsidiary Body on Scientific and Technological Advice (SBSTA) began its work on the afternoon of October 20 with a discussion of methodological issues related to inventories of Annex I countries. The discussion was viewed by our team as a useful one, with some 15 countries participating. Issues related to gas coverage and how to improve methods of calculation were among the topics addressed.

Activities Implemented Jointly (AIJ) was also addressed. Similar to the debate earlier in the day in the Subsidiary Body on Implementation (SBI), which had followed our proposal for a draft decision in which AIJ would progress to providing credit, the G-77 (Tanzania), India, Malaysia all indicated that the limited spread of projects precludes any decision on AIJ at COP-3. Both the Central African Republic and Burkino Faso suggested that the pilot phase should be extended. Both countries, along with Uzbekistan and Sri Lanka complained about the lack of AIJ activity in their countries.

On a more positive note, Nepal said that AIJ could be a small but indispensable tool for developing countries' technical assistance training program. Costa Rica, somewhat mockly, commented that the possibility of credits could bring about a larger number of good projects. The U.S. indicated that the COP should endorse and acknowledge the progress made by AIJ and urged SBSTA to address the complexity of the guidelines and prioritize requirements, rather than wait until all complexities are resolved. Canada and the Russian Federation all spoke favorably on COP-3 taking action on AIJ. However, the general tone of the discussion clearly demonstrated that consensus on this issue will not be achieved at this session.

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Meanwhile, the joint SBSTA/SBI contact group on technology mentioned in Update No. 1 has been formed under the co-chairmanship of Nepal and Australia.

SBI Makes Progress on National Communications

The SBI held its second formal session on Tuesday morning (Oct 21). Communications from Parties included in Annex I was the lead-off topic. We delivered an intervention which appeared to be well-received. The financial mechanism issue was also raised. This was the topic of a contact group which met on Monday afternoon under the chair of Antigua/Barbuda's Ambassador John Ashc. It is quite clear that the emphasis of this group will be to recommend that the review of the Global Environment Facility (the GEF) be concluded at COP-3, with consideration of the final status of the GEF as the financial mechanism for the climate convention left for COP-4 in November 1998.

NGO Desires Regarding an EU Amendment and NGO Consultation Mechanism

Other topics scheduled for discussion included two proposed amendments (one by Kuwait) and a second by the EU (which essentially proposes a way to get around the need for consensus approval of the proposed protocol). U.S. NGOs have urged us to support the EU effort (which was drafted, we understand, at strong NGO behest). While we may be somewhat sympathetic with the intent, we will not do so for both procedural and legal reasons, although it is unclear the extent to which we will have to pronounce on this issue in the Plenary.

Another topic of some sensitivity to the environmental NGOs concerns mechanisms for consultation with non-governmental organizations. As reported in Update No. 1, we resisted an effort by the acting chair of SBI to establish a contact group on this issue. Our NGOs expressed disappointment at our move. We indicated that they did not respond to our request for inputs on how they would like to see this process evolve. In the absence of this guidance, it does not seem to us to be useful to expend scarce time or personnel resources on this issue at the present time, given the priority of other issues related directly to the negotiations. We will receive a readout on this matter from both environmental and business NGOs at our scheduled briefing for them later this evening.

Evolution the Topic of a CIG Contact Group

Other contact groups met yesterday afternoon and this morning, including those dealing with AII, national communications, and one from the Common Interest Group (the so-called "CIG", OECD plus the economics in transition) which looked at the issue of evolution. On the latter, we indicated (to near universal questioning, if not derision) our interest in having evolution reinserted into the Chair's proposed protocol text. Much more support for its inclusion (or a variant thereof) as part of a Kyoto Mandate or a decision of the COP was evinced.

On the question of a Kyoto Mandate, we indicated that if one is proposed, it should include a starting point, a finishing point, with a middle consisting of quantified limitation objectives for key developing countries. Japan suggested language in this regard, noting the year 2005 as the end point. The EU raised, as it had at the CIG meeting on Oct 19 and at an earlier meeting on Oct 20, that evolution should be tied to Article 7.2(a) of the convention which calls for the periodic review of commitments by all countries. We strongly suspect ulterior motives on the part of our EU colleagues in making this proposal which might be interpreted as requiring either the ratification of the protocol prior to this review and/or the completion of a first budget period by Annex I Parties (the presumption being that this budget period would come much earlier than we are likely to propose).

Estrada's Concerns and Anticipations in Advance of the AGBM Session

Chairman Estrada, in advance of the opening of the first meeting of the Ad Hoc Group on the Berlin Mandate (AGBM) tomorrow (Oct 22), is making the rounds of various consultative groups for discussion of his text and the process he sees leading us to Kyoto. He met with JUSCANZ for nearly two hours on Tuesday morning (Oct 21). The Chair made several interesting observations and comments:

- First, he said that his text, as recently revised just prior to this session, is balanced. He said that while he will entertain improvements and clarifications, he does not foresee including and new bracketed additions that are not supported by "consensus." (We told him about our strong misgivings about this practice, especially in view of our probable interest in reinserting our evolution proposal.)
- Second, he admitted that he had allowed inclusion of the EU "bubble" concept because of the need to "reflect reality." He listened patiently to strong interventions questioning the bubble concept by Australia, the U.S. and Japan, but indicated that he believes some countries are playing with the concept in the way that some other countries are playing with differentiation. We told the Chair that we would be interested in the EU's forthcoming "clarifications" on the bubble which are promised during this meeting.
- Third, Estrada essentially said that JI with credit is a dead-letter issue as far as COP-3 is concerned. He expressed concern that this some (read: "in the U.S. particularly) may be deluding themselves into believing that this concept is ready for prime time when it is clearly not, as the discussions of AJI in both SBSTA and the SBI clearly indicate.
- Fourth, the Chair repeated his observation (first made at Japan's consultations in September) that in the end, differentiation of some kind will be adopted as the target and timetable outcome. He did not elaborate.
- And fifth, the Chair took a blatantly gratuitous slap at the Japanese. In reacting to a proposal about the desirability of finding a way to highlight financial contributions by developed countries to the developing world, Estrada remarked that Japan is making it very difficult to bring about a successful outcome in Kyoto. He said: "You complain about the bubble, you have a low rate for QLEROS, and you offer no help for developing countries." (Comment: Of course, the Chair's remarks were directed at Japan alone! End Comment.)

In another interesting point which emerged from this exchange, Mexico and Korea both questioned why Parties (whether Annex I or the Conference of the Parties) should have to "approve" any "cap" which they might eventually propose. They both implied that they merely want to "inform" the Parties of their proposed limits, if and when they decide upon them. The Chair disagreed.

Speculation About Pending U.S. Announcement Rife

Despite the multiple activities engaging delegates and observers alike, the one question on everyone's mind is the pending White House announcement with regard to a U.S. target and timetable. It is quite clear that this announcement will not play well in this international context, if it does not involve a "significant reduction." In the event that it does not, we can expect further erosion of our position on various flexibility mechanisms, and our approach on "evolution" will become untenable. The inclusion of anything like a safety valve which might be viewed as undermining the "legally binding" concept enshrined (by us) at COP-2, would have an especially devastating impact. The negative reaction from both the

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plenary floor and the Chairman about the prospects for joint implementation with credit by COP-3 are one clear signal about the mood of delegates at this juncture in the debate.

Many of the attacks on Japan at this and at earlier meetings this month were conducted with the U.S. clearly the surrogate target. Some in the EU are smacking their chops at the prospective feasting on what they clearly see as the carcass of the U.S. proposal if our position does not signify clear reductions from a 1990 baseline. This attitude does not bode well for a positive Kyoto outcome. Indeed, EU attitudes — plus hardline G-77/China views on both the need for "significant reductions" by Annex I; adherence to their narrow interpretation of the spirit and letter of the Berlin Mandate with regard to commitments by developing countries; and their insistence on increased financial assistance and technology transfer arrangements combine to render a satisfactory outcome in Kyoto all the more difficult, given the short amount of time available in these negotiations.

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

Climate Changes Talks, Update No. 2: Speculation About Pending U.S. Moves Dominate Proceedings as Discussions in SBI and SBSTA Continue

The Subsidiary Body on Scientific and Technological Advice (SBSTA) began its work on the afternoon of October 20 with a discussion of methodological issues related to inventories of Annex I countries. The discussion was viewed by our team as a useful one, with some 15 countries participating. Issues related to gas coverage and how to improve methods of calculation were among the topics addressed. Activities Implemented Jointly (AIJ) was also addressed. Similar to the debate earlier in the day in the Subsidiary Body on Implementation (SBI), the G-77 (Tanzania), India, Malaysia all indicated that the limited spread of projects precludes any decision on AIJ at COP-3. Both the Central African Republic and Burkino Faso suggested that the pilot phase should be extended. Both countries, along with Uzbekistan and Sri Lanka complained about the lack of AIJ activity in their countries. On a more positive note, Nepal said that AIJ could be a small but indispensable tool for developing countries' technical assistance training program. Costa Rica, somewhat meekly, commented that the possibility of credits could bring about a larger number of good projects. The U.S. indicated that the COP should endorse and acknowledge the progress made by AIJ and urged SBSTA. Canada and the Russian Federation all spoke favorably on COP-3 taking action on AIJ. However, the general tone of the discussion clearly demonstrated that consensus on this issue will not be achieved at this session.

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Despite the multiple activities engaging delegates and observers alike, the one question on everyone's mind is the pending White House announcement with regard to a U.S. target and timetable. It is quite clear that this announcement will not play well in this international context, if it does not involve a "significant reduction." Many of the attacks on Japan at this and at earlier meetings this month were conducted with the U.S. clearly the surrogate target. EU attitudes — plus hardline G-77/China views on both the need for "significant reductions" by Annex I; adherence to their narrow interpretation of the spirit and letter of the Berlin Mandate with regard to commitments by developing countries; and their insistence on increased financial assistance and technology transfer arrangements — combine to render a satisfactory outcome in Kyoto all the more difficult, given the short amount of time available in these negotiations. (Hambley)

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, October 1997.

Speak Now!

US President Bill Clinton is expected to table his proposal for targets and timetables at noon Washington time, (six p.m. Bonn time) Wednesday. As the US finalises its position, developing countries – who will bear the brunt of the impacts of climate change – need to let the US know that its proposal will be unacceptable unless it dramatically exceeds Japan's ridiculously weak proposal of up to five% reductions by 2010.

We urge developing countries – and others who share their views – to express them in the strongest possible terms, including in the opening plenary of the AGBM Wednesday.

As the world's largest absolute emitter of greenhouse gas emissions, it is no exaggeration that a failure on the part of the US to take a strong leadership position will directly affect developing countries with respect to climate change impacts.

The US proposal has to offer more than

Japan's, as the latter – widely seen as a "tester" for a potentially weak US position – fails to meet the test of climate protection.

For comparison, details of the Japanese proposal include:

A proposal that each country reduce its emissions of carbon dioxide, methane and nitrous oxide by 5% from 1990 levels, in the period 2008 to 2012. However, the real 'bottom line' of the Japanese proposal is stabilisation at 1990 levels in 2012.

A 5% reduction compares poorly with the EU proposal for 15% by 2010, and even more poorly with the AOSIS proposal. By proposing such a low figure and such a late start for reductions, the Japanese are ignoring the scientific consensus on the need for significant early reductions. Even worse, the proposal is riddled with conditions and let-out clauses which allow

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MITI wanted Japan gas cut plan cleared with US

Tokyo, Oct. 19: The Minister of International Trade and Industry (MITI) had wanted to unveil Japan's greenhouse gas emissions reduction plan only after completing coordination with the United States, an internal MITI document and sources in the ruling parties suggested Sunday.

MITI failed to persuade other ministries and the government announced Japan's proposal Oct. 6, they said.

The US has yet to unveil its own proposal.

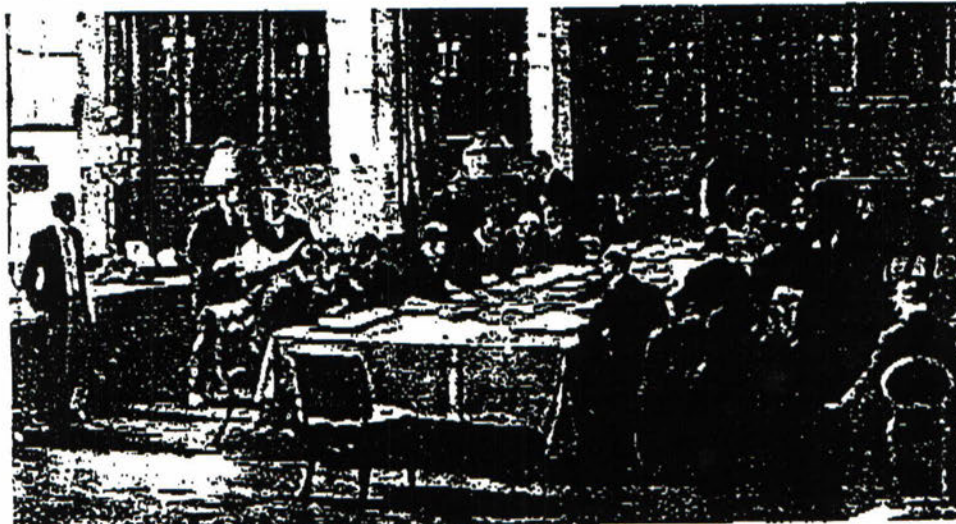
The MITI document, which was presented at a meeting Sept. 24 of the ministries and agencies concerned to discuss what plan Japan should offer, calls on Japan to show the US its draft plan before making it public, coordinate ideas with the US and announce the plan simultaneously with the US.

Even after working out a rough plan, Japan should not make it public until the US agrees with it, and if the ruling parties, the industry or the press ask about the plan, the government should answer that it has not finished fine-tuning it, the document says.

Coordination with the US can help Japan avoid criticism from the European Union (EU) for reluctance to commit to cutting greenhouse gas emissions, MITI says in the paper.

The US has strongly objected to an EU proposal that industrialized countries reduce their emissions of CO₂ and other global warming gases by 15% by 2010 from the 1990 levels.

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Debate rages on at the White House

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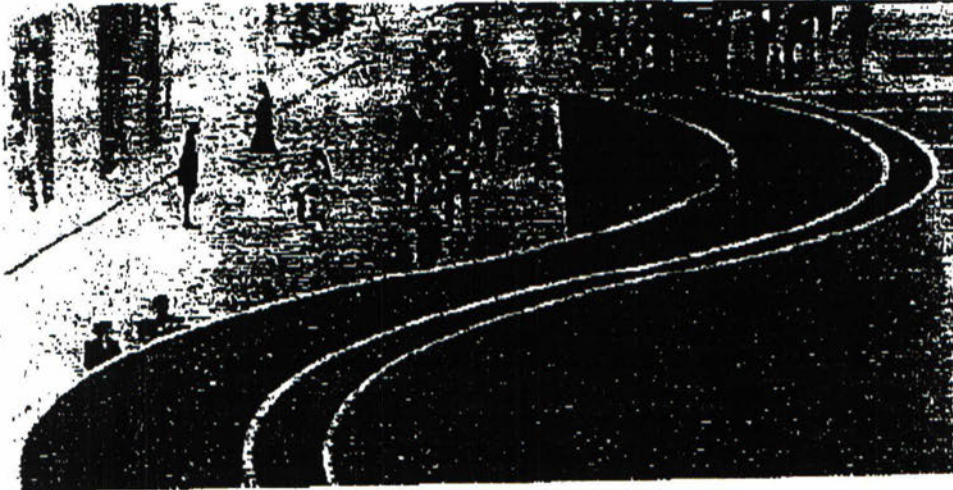
SBI Monday a.m.

After the usual administrative arrangement SBI7 started with agenda item 3b and a report by Brazil on the workshop held in Itaipu where Latin American countries discussed their National Communications, half of which are still in the preparatory stages, but Mexico and Uruguay will present theirs before Kyoto. The main reason for delay in the submission of national communications was lack of funding. Brazil called on the GEF and the US to remedy that situation. More public as well as governmental awareness is needed to solve the issue

of reporting satisfactorily, especially as climate change is perceived as a long-term problem difficult to "sell" in view of the region's present problems. The new inventories methodology furthermore requires more work, which again necessitates more funding. Land and forest use are considerable parts of the inventory, but as their measurability remains beyond developing countries' means, unacceptable inaccuracies are likely to occur. Help is needed on research as well as training of personnel and technical capacity, and better coordination in the region is necessary. After a short description of the Sec-

retariat's activities on helping with non Annex 1 countries national communications, it was mentioned that Argentina and Jordan had done their reports. The possibility of a clearinghouse like the one for Biodiversity convention was mentioned. Several countries announced when they propose to submit their Communications.

The SBI then started on the issue of AU, agenda item 5. The Chairman proposed a informal contact group consisting of SBI and SBSTA to advance this issue, to be chaired by Diego Malapedes of Argentina. The US immediately launched into a speech on the possible progress and decisions achievable on this issue before and at COP3, wanting to adopt the uniform reporting format, outlining a time plan on methods of monitoring and verification, categories of projects (by June '98), on financing and additionality of financial means (by Nov. '98), additional methodologies (by Feb. '99). However, the most outrageous part of the US statement was their demand that the issue of credits "must be addressed head on", and decided now, as the issue was not whether we have credits, but how to do them. The EU then made a more balanced statement about the need of a comprehensive review of the pilot phase, and that a decision should only be taken at the end of the decade. They mentioned the



Climate Talks, Bonn, GermanyOctober 20-31, 1997

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October 20-31, 1997

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USUN	Burgess Laird	6-7583	6-7551

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20 October 1997

Memorandum

To: Please See the Attached List
From: USDEL/Bonn - Mark G. Hambley *MGH*
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Climate Changes Talks, Update No. 1: Europeans Wake Up to Evolution; First Confrontation on Joint Implementation with Credit

SBI Forms Numerous Contact Groups

The Subsidiary Body on Implementation (SBI) began its deliberations in a flurry of activity which immediately bred additional activity with the establishment of contact groups to prepare or to discuss consideration of decisions on issues related to finance; Article 4.1 (advancing commitments); Activities Implemented Jointly (AIJ); and technology transfer. Some of these will report jointly to both the SBI and to the Subsidiary Body on Scientific and Technological Advice (SBSTA). A decision on whether or not to form yet another contact group on matters related to the consultative mechanism for NGOs was postponed (at U.S./Hungary's suggestion) until the issue is discussed in plenary (we do not see any reason to rush this complicated issue to conclusion by the Third Conference of the Parties (COP-3) in December.

Contratemp over JI with Credit and Tech Transfer: A Harbinger of Things to Come?

A minor contratemp followed our suggestion during the discussion of AIJ that a decision be taken at COP-3 which would lead to the progression of AIJ to joint implementation with credit. Our introduction of a draft resolution to that effect produced a range of somewhat vitriolic criticism from Brazil, Malaysia, China, Zimbabwe, and Saudi Arabia. Canada supported us, as probably would have Costa Rica, Norway, and Australia had there been adequate time to do so. However, none of these countries nor the G-77, Egypt, Venezuela, India, or Sri Lanka (all of which would probably have raised strident objections) had an opportunity to address the plenary during the morning session. Their remarks will probably now be reserved for the meeting of the contact group which will be chaired by Argentina.

There was another small dust-up when we prepared to introduce a draft decision on technology transfer. China (represented by our ever loquacious and 'personable' Prof Zhong) objected vociferously, stating that this should be saved for discussion at the working group which will be jointly chaired by a representative of Annex I and non-Annex I Parties. Zhong's criticism was stifled, and the U.S.

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summarized its draft for the Plenary. This afternoon (Oct 20), the SBSTA will open its deliberations, while one or more contact groups on Article 4.1 and other topics are also scheduled to begin their deliberations, as well.

Europeans Discover Evolution

Although they have maintained for several months their interest in some kind of evolution formula for developing countries, it has only been over the past week that the Europeans have appeared to become somewhat galvanized on issue. In part, this is because they realize that this is a global problem which will require a global solution. In part, as well, it is because of a growing recognition that without a satisfactory resolution to the evolution issue, it may be unlikely that the U.S. will initial the proposed protocol in Kyoto. How serious-minded the Europeans will be on this issue once they confront some of the more strident G-77 critics remains to be seen.

Mainz Meeting: A Long Road to Consensus

At the Oct 17-19 meeting in Mainz organized by Larry Susskind's "Consensus Building Institute" (and attended by leading negotiators (including Rafc Pomcrance) and NGO representatives), several EU delegates indicated their interest in either a Kyoto Mandate or a decision by the COP on the issue of evolution. They were particularly interested in finding a way in which the Climate Convention's Article 7.2, which addresses the ability of the COP to review the implementation of the Convention and any related legal instruments, might be brought into play.

Common Interest Group Discusses Evolution and the Chairman's Revised Text

At the late Oct 19 evening meeting of the Common Interest Group (the so-called CIG -- a grouping of OECD countries plus Russia and the other economics in transition) the EU asked us if we planned to introduce the text to a Kyoto Mandate on evolution in that this concept no longer exists in the Chairman's text. We indicated that, although we remain open to other suggestions, our focus for the time-being remains on keeping evolution as part of the proposed protocol or other legal instrument.

Discussion of the need for a Kyoto Mandate, or a decision by the COP in this regard, flowed around the room for over 45 minutes. It was decided that a contact group on this issue would be established. It was scheduled to meet over lunch on Oct 20. A second contact group organized by the CIG to attempt to coordinate, or at least vet, positions on SBI and SBSTA issues generally was also scheduled to meet over lunch.

The CIG also discussed positions with regard to the Chair's revised negotiating text. The EU divulged that it will attempt to put back into the text its proposed concentration ceiling of 550 ppm, along with a cautionary note about a two degrees centigrade change in temperature. Less suprisingly, the EU also expressed the importance it attaches to the policies and measures (PAMs) portion of the revised AGBM text and indicated that it will endeavor to include some mandatory or harmonized (PAMs) during the forthcoming AGBM session. On a more positive note, the EU indicated its agreement with us about the inappropriateness of G-77/China attempts to infuse the Article 4.1 text with references to additional financial mechanisms and other financial obligations listed in Article 4.3, 4.5, and 4.7 of the Convention.

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A Relaxed Chair Asks Us About Our "Number"

In a brief discussion, AGBM Chairman, Ambassador Estrada, asked us if the "rumors" about a Wednesday (Oct 22) announcement about the U.S. "number" from the White House are accurate. We told him that this is the expectation, although there are no guarantees. In any case, we would not expect to have anything until Thursday. Estrada responded, at least partly in jest, that in the absence of anything by the time of the AGBM's opening session on Wednesday morning, he will "have to attack us." We remarked that it was our understanding that he had already done a pretty good job of that at the weekend meeting in Mainz. Estrada also claimed that his revised draft has broad support among other delegations. He was somewhat miffed by our suggestions of unhappiness with portions of his text but appeared, in the end, to take this criticism as merely another example of U.S. dilettantism.

Comment

This was always going to be hard meeting because of the nature of the subject matter. It will be made even harder by the delivery of our message (or not, as the case may be) and by the huge influx of expected Congressional visitors (about 17 staff we are told) later in the week. Logistics are already quite tight and our numerous business and environmental NGOs will be hardpressed to find a comfortable setting in which to ruminate once the action moves into closed "non-groups." In any case, as the slurry of anti-JI with credit flags suggested this morning, we will have difficulty in getting some of the flexibility instruments which we believe are desirable in any proposed Kyoto outcome -- not to mention a satisfactory outcome on evolution. End Comment.

Bonn

Fax to - 202 647-0217

24 October 1997

Memorandum

To: OES -- Melinda Kimble
OES -- Rafe Pomcrance

From: USDEL/Bonn -- Mark G. Hambley *M. G. Hambley*

Subject: "Go For It! Taking the Diplomatic Effort to Capitals

If we are going to break the log jam of negativity which currently threatens progress in Kyoto, we will have to convince several governments to reverse course and to support the three key aspects of our policy on targets/timetables; joint implementation with credit, and developing countries. From our perspective, those blocking agreement come from all geographic areas. We should on an urgent basis find a way to demarche each effectively in capitals -- preferably while this AGBM is in its final session (before Oct 31) -- in order to impress upon negotiators here that the time to stop grandstanding and move towards a positive outcome in Kyoto has arrived. Some of these efforts can be undertaken by Ambassadors, although some should be considered by the White House. We may also have additional leverage through our USAID missions, which often have strong ties to senior officials in developing countries. A cable from Atwood to USAID Mission directors should be part of the approach. Following is a regional breakdown of key problem areas:

EUROPE (EC)

I need not dwell on the positions of our European colleagues. They are well known, and the White House and the Department are taking measures in some capitals (London and Bonn) and will have other opportunities to do so at the November 4 Troika Ministerial. Depending on the President's inclinations, he might wish to try to get Italy's newly strengthened PM Prodi -- a member of the Eight, after all -- to come forth as an ally. The Italians are not active at this session but their negotiators can be most helpful when advised. The same is the case for the Irish once their forthcoming election is over. The EU must be brought around on all three of the key issues, and particularly in terms of the target level and II with credit. They are playing the Article 7.2(a) card (which calls for periodic review of commitments by all Parties) in an effort to entice us into acceptance of either an early budget period, early ratification of the protocol, or both it appears to us. Sweden's Bo Kjellin has been appointed by Estrada to chair the section of the QELRO discussion addressing "policy issues" of banking, borrowing, II and trading; we anticipate he will create enormous problems -- and a direct intervention with Sweden at high levels would be appropriate.

ASIA

Many of our problems with all three issues emanate from Asian sources. We will not be helped by the current financial/stock market crisis which is plaguing much of the region. We have identified key countries with suggested points of contact in each:

- **China** -- Obviously, the 'big won-ton.' And equally obviously, our opportunity will have to be focused on the State Visit of Jiang Zemin next week. We understand that Zemin may not be intending to bring along a climate change expert on his delegation, despite the fact that the President will raise this topic with him. Embassy Beijing should be instructed asap to recommend that appropriate officials are available.
- **India** -- We have little influence. Particularly hard over on no JI with credit and strongly opposed to developing countries taking on any commitments. We understand that Permanent Under Secretary for Environment and Forests Anand might be visiting here next week during the negotiations. We would suggest that Melinda meet with him. In addition, it is our understanding that U/S Pickering may be considering a visit to New Delhi in the near future (November). Obviously, it would be useful for him to follow up in his usual inimitable style.
- **The Philippines** -- Although Under Secretary at the Environment and Natural Resources Ministry, Antonio La Vina, is here (he can be helpful), the Philippines (under Bernaditas de Castro Muller) has been her usual difficult self on a range of issues and especially on those relating to AIJ and JI. We would suggest a WH call to President Ramos would be in order or -- minimally -- a call by the Secretary on her counterpart. However, the former would be far more effective.
- **Malaysia** -- Chow Kok Kee (or Kok Kee CHOW which is his official name) is also a leading opponent of JI and of the rest of our proposal. However, I doubt that we can find anyone senior enough at home in KL who can really help us. Mahathir would probably launch into an uncontrolled and petulant diatribe if approached. We understand that Deputy Secretary Talbott may be going to Malaysia soon as part of a visit to ASEAN countries. As was the case for Pickering (and the Secretary if she travels to the region), an appropriate demarche would be most helpful.
- **Saudi Arabia** -- The Saudis played an important role in gaining approval for the G-77's obnoxious proposal. Mohamad Sabban will follow his instructions carefully but has obviously not been given many useful ones. In view of TEW's recent discussions in Riyadh, we would suggest a strong intervention with both Prince Bandar in Washington and with Prince Abd al-Aziz bin Salman Al Saud of the Petroleum and Minerals Ministry (I think this is where he hangs out) to press hard on targets, JI with credit and developing countries. The Saudis have especially pronounced against JI with credit. They have also gained G-77 backing for their compensation formula -- and have thus been able to argue that they would support the aggressive 35% G-77 target as long as they were compensated.

AFRICA

Although the Africans, in the long term, are not the targets of our developing country proposals as the President of the COP (Zimbabwe) and head of the G-77 (Tanzania), they have an influence disproportionate, perhaps, to their status. We should engage several key players actively to move the African group away from its very unhelpful positions on all three issues. On JI with credit, Africans oppose in part because they are not reaping any benefits from any AIJ projects and partly out of anger at what they see as yet another "useless" protocol being rammed down their throats (to paraphrase the words of Zimbabwe's new environment minister).

- **Zimbabwe** -- Mrs. Karamanzira speaks for Africa and is highly critical of the U.S. proposal (suggesting our target is too low, and JI and trading are inappropriate mechanisms to be included in any agreement at this time). Minister Chimutengwende (the outgoing President of COP-2) has changed portfolios in the new government, and the new Minister is still getting his feet wet. We need someone who knows southern Africa well to weigh in with President Mugabe directly if we are to do anything. I would suggest former President Carter if I had my pick, but Moose might be a good

alternate. I get the impression from Mrs. Karamanzira that our Ambassador has not been engaged in many environmental issues, other than the recent CITES conference. AF's call.

- **Tanzania** -- Tanzania's Mark Murazawa (sp) is personable but has taken a very hard line towards our proposal generally, built upon his earlier attacks on JI with credit, other flexibility instruments and developing countries. We need to go over his head -- again to the Tanzanian President, we believe -- if we are to have any impact on his attitude. Getting him to change his views may be extremely difficult as in his role as G-77 chair he will be constrained to seek a balance between the various views within the G-77 group. In this regard, he seems to be most strongly influenced by the Philippine, Malaysian, Saudi and Chinese delegations here.
- **Senegal** -- Not usually a player in climate change, Senegal has been given prominence because its representative, Bukary Kante, has been thrust into the chair of Policies and Measures in the absence of our Mauritanian colleague. Kante is the fellow who is responsible for the amendment to the Basel convention that prohibits exports of hazardous wastes from OECD to non-OECD countries. We cannot help but believe he is playing a similarly negative role on this topic. Our Ambassador should engage the Ministry of Foreign Affairs and the Ministry of Environment and the Protection of Nature (sic) (Kante is the environment director here) -- if not Prime Minister Diouf himself.

LATIN AMERICA

We have more JI projects in Latin American than in any other part of the world, and with the exception of Brazil, most have privately supported the notion of JI with credit. However, few of these countries have mounted much of a public effort to block G-77 opposition to JI. Some of these same countries have privately expressed support for including the article on voluntary commitments for developing countries (our old Annex B, now called Article 10). However, here too we have not been hearing much public support. A broad demarche seeking public support for JI with credit on a voluntary basis and Article 10 could help turn the tide on these issues.

- **Brazil** -- Obviously, the President's charms did not work as well here as with some of Brazil's neighbors. Brazil is playing hard ball on JI in particular. We should demarche Brazil soonest if we are to have any impact on Gylvan Meira's attitudes. He will take umbrage when we try to go over his head, so particular care must be given to select the right level and the right message. The USAID Mission in Brazil may also be an effective interlocutor.

On the other side of the coin, and with specific reference to JI issues, we should have some natural allies from among the twenty or so countries which benefit from AIJ activities, which have expressed interest, or which are conducting initiatives of their own. These should be encouraged through Ambassadors to bolster support for this concept. We are trying to mobilize our own diplomatic initiative here, but we could use some backstopping in capitals. A (possibly) incomplete listing of these governments is as follows:

Costa Rica and the other Central American countries; Dominican Republic, Argentina, Chile, Mexico, Bolivia, Ecuador, Egypt, the Netherlands, UK, Germany, Norway, Japan, Canada, Australia, Russia, the Czech Republic, Nepal, Bhutan, Poland, Sri Lanka, Indonesia, Estonia, Georgia, Cameroon, Fiji, and South Africa

DRAFT CABLE

Because many of those most intimately involved in this topic are here in Bonn, we (largely Susan Wickwire and Leslie Black Cordes in an excellent example of State-USAID cooperation) have taken the liberty of putting together a notional cable for use in making these demarches. Please edit it carefully for policy inconsistencies and for additional tailoring for country specific and regional needs.

STATE DEPARTMENT --- PLEASE PUT IN: Reftel: Our omnibus ALDAC on climate in September.

1. This is an action cable. Please see paras 6-17.
2. Summary. As forecast in reftel, the U.S. delegation faces an increasingly untenable situation in the international climate change negotiations currently underway in Bonn (October 22-31, 1997). There is a genuine possibility that several critical aspects of our position will not survive in the negotiating text without broader support. These elements include our policy on targets/timetables, joint implementation (JI) with credit, and developing countries. In this cable, we wish to enlist the support of posts in key countries to approach high level host government officials to impress upon them the importance we attach to these key elements and the need for them to direct their delegations to reverse their course. In the action paragraphs (6-17), we have provided regional-specific details in order to tailor our message. Talking points on targets/timetables, JI with credit, and additional commitments for developing countries are included in paras 18-20. End Summary.
3. Begin Background. The current round of international climate change negotiations began more than two years ago and is set to culminate in a meeting in Kyoto, Japan in December of this year. The U.S. first announced its position in January 1997. On October 22, President Clinton delivered an historic speech on the issue elaborating on U.S. policy. In his statement, he committed the U.S. to a binding and realistic target of returning its greenhouse gas emissions (namely carbon dioxide and methane) to 1990 levels over a five-year budget period (between 2008 and 2012), with a reduction below 1990 levels during a second five-year period and further unspecified reductions in following years. The President also proposed a series of flexible market mechanisms for achieving legally binding limits through emissions trading and joint implementation with credit. Third, the President reiterated his challenge to both industrialized and developing countries to participate in meeting the threat of climate change.
4. The tenor of the negotiations thus far has been cautious and, while not openly acrimonious, has been relatively unproductive. On October 22 at the first plenary session of the Ad Hoc Group on the Berlin Mandate (AGBM), the body charged with negotiating the text of a new legal instrument, the EU and Developing Countries introduced new proposals on targets and timetables. The U.S. delegation believes that these proposals are unrealistic both in terms of the targets they set and the timeframe in which the cuts are to be achieved.
5. The U.S. presented its formal proposal on targets, as announced by President Clinton, at the October 23 session. It has not been well received by either the EU or a broad range of developing countries, which greeted it with a mixture of great disappointment (the G-77 and China) and disdain (some members of the EU). In addition to the split on the

issue of targets, this disappointment has translated into a hardened negotiating stance on other key aspects of the U.S. proposal such as joint implementation with credit and developing country commitments. Without the inclusion of these points in the negotiating text, the U.S. will find it all but impossible to agree to a new legal instrument. The U.S. delegation is taking measures to counter widespread opposition to our position, but immediate high-level bilateral diplomatic efforts are necessary. End Background.

 Action Request

6. General Action Request: Given the priority assigned to this issue at the White House, and the personal interest of the President in the outcome -- as well as the level of intervention required to change national positions, Department requests addressees to make appropriate high-level (ambassadorial) demarches, drawing upon the regionally specific information (paras 6-10) and talking points on targets and timetables, joint implementation with credit, and developing countries (paras 11-13) provided below. Reftel provides additional detailed background on the context and issues involved. While some countries are mentioned individually, all addressee posts are asked to carry out the demarche. Because the negotiations conclude on Friday, October 31, immediate action is requested by COB Tuesday, October 28. Please slug responses to OES DAS Rafe Pomerance and the U.S. Climate Change Delegation in Bonn.

 Europe

7. For European Posts: The White House and the Department are already taking diplomatic steps in London and Bonn, and will continue these efforts at the proposed November 4 EU Troika Ministerial on climate change. The EU must be brought around on all three of the key issues, particularly regarding targets and JI with credit. The EU is using our strong desire to include commitments for developing countries to entice the U.S. into acceptance of an unacceptably early budget period. In addition to the usual EU heavyweights, priority countries also include Italy, Ireland, and Sweden. Although the Italians have not been active at this session, their negotiators can be most helpful when advised. The same is the case for the Irish once their forthcoming election is over. Sweden's Ambassador Bo Kjellin has been appointed by Estrada to chair a small group that is taking up issues related to flexible implementation mechanisms such as joint implementation with credit and emissions trading. Based on our experience with him in Berlin and elsewhere, the U.S. delegation anticipates problems from Ambassador Kjellin, thereby necessitating a high-level intervention with Sweden.

 Asia and South Asia

8. For Asian and South Asian Posts: Developing Countries in Asia and South Asia tend to create particular problems for the U.S. negotiating position. China, India, Malaysia, and the Philippines represent key countries, both in terms of the positions taken by their negotiators (sometimes at odds with positions we understand have been taken in capitals), and the total share of developing country emissions that they represent. China is the most important player among developing countries; however, our best opportunity will lie with the upcoming State Visit of Jiang Zemin.

9. The U.S. negotiators have had little influence with the Indian delegation, which is vocal in its opposition to joint implementation with credit and any additional commitments for developing countries. Permanent Under Secretary for Environment and Forests Anand may be in Bonn during these negotiations and may meet with OES Acting A/S Melinda Kimble who will be visiting during the week of October 26. U/S Pickering is scheduled to visit New Delhi prior to the Kyoto Conference. His visit might also provide an useful opportunity to engage key Indian leaders.

10. With regard to the Philippines, the U.S. delegation views Under Secretary at the Environment and Natural Resources Ministry, Antonio La Vina, as helpful but the Foreign Ministry official, Bernaditas de Castro Muller, continues to be problematic, especially on those issues relating to JI with credit. Malaysia's chief delegate, Chow Kok Kee, is also a leading opponent of JI as well as the rest of our proposal. For all ASEAN member countries, the proposed visit by Deputy Secretary Talbott would be useful for a follow-up to earlier demarches.

Middle East

11. For Riyadh and Cairo: We believe that the Saudis played an important role in garnering support for the G-77's new proposal on targets and timetables in exchange for inclusion of a paragraph on a "compensation mechanism" which would assist, inter alia, oil producing countries affected by the climate change measures of Developed Country Parties. The lead Saudi negotiator, Mohamad Al Sabban, could be open to persuasion as he generally follows his instructions. In view of U/S Timothy Wirth's recent discussions in Riyadh, the U.S. delegation suggests a strong intervention with Prince Abd al-Aziz bin Salman Al Saud of the Petroleum and Minerals Ministry to press hard on targets, JI with credit and developing countries. The Saudis are especially vocal in their opposition to JI with credit. They have also gained G-77 backing for their compensation formula (e.g. for last oil revenues) -- and have thus been able to argue that they would support the aggressive G-77 target as long as they were compensated. In contrast to Saudi Arabia, the Egyptian delegation has maintained a low profile; however, its members may be able to influence positively the G-77 statement on joint implementation.

Africa

12. For African Posts: Because of their relatively low greenhouse gas emissions, the Africans are not the targets of our developing country proposals, however as the President of the COP (Zimbabwe) and head of the G-77 (Tanzania), they have a disproportionate influence, perhaps, to their status. It would be useful to actively engage several key players to move the African group away from its very unhelpful positions on all three issues. These players include Zimbabwe, Tanzania, Senegal, and South Africa. On JI with credit, Africans are opposed in part because they are not reaping any benefits from any projects during the Activities Implemented Jointly (AIJ) pilot phase and some view the new agreement as useless.

13. Zimbabwe's lead negotiator, Mrs. Karimanzira, speaks for the entire African group, although not always with their full consent, and is highly critical of the U.S. proposal (suggesting our target is too low, and JI and trading are inappropriate mechanisms to be included in any agreement at this time). Minister Chimutengwende (the outgoing President of COP-2) has changed portfolios in the new government, and the new Minister is still getting his feet wet. As such, President Mugabe is probably the best point of contact.

14. As for Tanzania, Delegation head Mark Mwyandosia is personable but has taken a very hard line against our proposal generally, building upon his earlier attacks on JI with credit, flexible instruments, and developing countries. He will be constrained in his role as G-77 chair and will need to seek a balance between the various views within the G-77 group. Not usually a player in climate change, Senegal has been given prominence because its representative, Bukary Kante, has been thrust into the chair of one of the negotiating subgroups. Kante will be recognized for the not particularly constructive contribution he has played during discussions on the Basel Convention. The U.S. delegation believes that he is playing a similarly unhelpful role on this topic. The Ambassador should engage the Ministry of Foreign Affairs and the Ministry of Environment and the Protection of Nature (Kante is the environment director here) -- if not Prime Minister Diouf himself.

15. South Africa is new to these negotiations, having just ratified the Convention. However, it may be useful to engage them early and to apprise them about our concerns. Their delegation here has indicated a high level of U.S. representation could significantly influence their positions, particularly on JI.

Latin America

16. For Latin American Posts: We have more joint implementation pilot projects in this region than in any other part of the world, and with the exception of Brazil, most countries

have privately supported the notion of JI with credit. However, few of these countries have mounted much of a public effort to support JI within the G-77. Some of these same countries have privately expressed support for including the article on voluntary commitments for developing countries (included in Article 10 of the negotiating text). Regional efforts should focus on seeking public support for JI with credit and Article 10 which could help turn the tide on these issues. Some natural allies emerge from among the twenty or so countries which benefit from JI pilot phase activities, which have expressed interest, or which are conducting initiatives of their own. These should be encouraged through Ambassadors to bolster support for this concept. In contrast, Brazil is playing hard ball on JI in particular. The Brazilian Head of Delegation, Gylvan Meira Filho, will likely take umbrage on efforts to go over his head, so particular care must be given to select the right level and the right message. The USAID Mission in Brazil may be an effective interlocutor in this regard.

 CWEIT

17. For Posts in Countries with Economies in Transition (CWEIT): The Countries with Economies in Transition fall under Annex I and as such are obligated to reduce their emissions of greenhouse gases consistent with the Convention. However, because of the use of the 1990 base-year when their emissions were considerably higher, reductions in CWEIT are not likely to be particularly onerous. In fact, these countries recognize and have indicated their willingness to participate in next steps to the Convention process. Although the CWEIT countries largely support the U.S. position, they have not spoken out to any great extent during the current negotiations. Diplomatic channels should be pursued to encourage more vocal support for the U.S. position at the negotiations.

 Talking Points

18. Begin talking points on targets and timetables.

-- President Clinton's speech on October 22 marked the beginning of a more aggressive global effort to combat the threat of climate change. It also marked the beginning of a new effort to undertake realistic and achievable -- yet aggressive -- efforts to reduce greenhouse gas emissions.

-- We are committed to an agreement which takes a flexible, market based and cost-effective approach. Our proposal includes three elements: 1) a binding and realistic target of returning gas emissions (namely carbon dioxide and methane) to 1990 levels over a five-year budget period (between 2008 and 2012), with a reduction below 1990 levels during a second five-year period and further (as yet unspecified) reductions in following years; 2) a series of flexible market mechanisms for achieving legally binding limits

through emissions trading and joint implementation with credit; and 3) participation from both industrialized and developing countries in meeting the challenge of climate change.

-- We believe that several of the proposals on the table are unrealistic and unachievable, and may have significant negative impacts on the world economy. In contrast, the U.S. has formulated an extraordinary and constructive proposal that points the way to a success in Kyoto in December.

-- Our proposal is a first step -- but a first step which establishes a structure for additional steps to follow. We strongly urge your government to join us in supporting this initiative. We look forward to working with you all to make this vision a reality.

End Talking Points.

19. Begin Talking Points on Developing Countries:

-- President Clinton's speech called for both industrialized and developing countries to participate in meeting the challenge of climate change. He stated that the United States would not assume binding greenhouse gas reduction obligations unless key developing countries commit meaningfully to participate in efforts to cut their own emissions.

-- Developing countries are a critical component of any effort to prevent global climate change. Even if the entire industrialized world were to significantly reduce its emissions of greenhouse gases, the growing rate of emissions from developing countries would ensure an increase in total atmospheric concentrations.

-- The United States believes that developing countries can take steps to slow the growth of their greenhouse gas emissions in a way that promotes both economic growth and sustainable development.

-- In his June speech to the UN General Assembly Special Session on the Environment, the President announced a five-year \$1 billion initiative to provide developing countries with the technical and financial assistance to mitigate emissions of greenhouse gases and adapt to the effects of global climate change.

-- Given that developing countries will be especially vulnerable to the effects of climate change as changes in global weather patterns may lead to an increase in droughts, severe storms, coastal flooding, crop failures, and disease, we urge your government to support action by all countries over the long term to address this important problem.

-- There must be a mechanism in the new climate change agreement to allow countries that wish to take responsibility for their emissions and their contribution to the problem to assume new commitments voluntarily. We hope that your government will agree and communicate this point to your delegation in Bonn.

End Talking Points

20. Begin Talking Points on Joint Implementation

-- Joint implementation with credit provides enormous potential to cut world-wide pollution and help developing countries protect their own environments without sacrifice to economic growth.

-- Projects that avoid, reduce or sequester greenhouse gas emissions can lead to increased investment from the private sector, the transfer of cleaner energy technologies, and promote sustainable use of natural resources.

-- The pilot phase for joint implementation -- "Activities Implemented Jointly" (AIJ) has yielded important lessons through the examination of technical issues which points to improvements for future projects. One important finding has been that the lack of incentives, such as credit, has constrained the number of projects and their regional expansion.

-- In the international climate negotiations, we are seeking to include a provision for joint implementation in the new legal instrument to allow the broadest number of countries to participate on a voluntary basis.

-- We urge you to support this effort and urge your negotiators in Bonn to reflect your government's positions so that we can address the climate change problem through a concrete, cost-effective, and mutually beneficial joint implementation regime.

End Talking Points

Addressee posts (we'll probably add more)

- | | | |
|-----------------|------------------|---------------|
| - Rome | - La Paz | - Managua |
| - Dublin | - Quito | - Tegucigalpa |
| - Stockholm | - San Jose | |
| | - The Hague | |
| - Beijing | - London | |
| - New Delhi | - Bonn | |
| - Manila | - Oslo | |
| - Kuala Lumpur | - Prague | |
| - Riyadh | - Riga | |
| | - Cairo | |
| - Harare | | |
| - Dar Es Salaam | - Colombo | |
| - Dakar | - Kathmandu | |
| - Pretoria | - Jakarta | |
| - Warsaw | - Tallinn | |
| Am | - Tblisi | |
| - Brasilia | - Yaounde | |
| - Buenos Aires | - Lima | |
| - Santiago | - Asuncion | |
| - Santo Domingo | - Guatemala City | |
| - Mexico City | | |

Bonn V6

24 October 1997

Memorandum

To: Please See the Attached List

From: USDEL/Bonn -- Mark G. Hambley

Subject: Climate Change Talks, Update No. 5: Activities for October 23/24, 1997

This is one of a series of unofficial and informal reports covering meetings and activities related to the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM-8), the Subsidiary Body on Implementation (SBI), and the Subsidiary Body on Scientific and Technological Advice (SBSTA) which are meeting in Bonn between October 20-31, 1997. This report covers activities from the afternoon sessions on Oct 23 through the morning meetings on Oct 24. Additional reports on the QERLOS discussion on Oct 23, plus reports on various CTI discussions, are also included, as is the latest issue of the "Earth Negotiations Bulletin." Although the contents are unclassified, they are not intended for attribution or for use outside the U.S. Government. The final paragraphs of this report can be used as a submission to the Daily Activities Report (DAR) as desired or appropriate.

Climate Changes Talks, Update No. 5: Negotiations Shift into Higher Gear

Negotiations have shifted into high gear, although this is not apparent in the lack of substantive progress being made on most fronts. Discussion in the INSTITUTIONS debate is proceeding at an excruciatingly slow pace. Most significantly, the G-77/China is striving to place into the "objectives" portion of the text language which enshrines the principle of "no new commitments for developing countries." This effort is being repeated at each and every opportunity. A policies and measures (PAMs) contact group (consisting of Venezuela, the EU, USA, Japan, and Russia) has been established to look at specific portions of the text. Article 4.1 met for the first time on Oct 23 with problems arising with the discussion of the chapeau, with the G-77/China insisting on a reference to common but differentiated responsibilities. Regarding the proposed listing of measures to be taken by all Parties, the G-77/China has made it patently clear that no listing will be acceptable because it smacks too much as a "commitment."

The QERLOS discussions under Swedish Ambassador Bo Kjellin worked in the cramped quarters of 'the Studio' -- a room configured like a surgical teaching theatre -- on a variety of topics including one dealing with baselines for economics in transition, while SBSTA dealt with such weighty issues as relations with the IPCC and AU. Fuller reports will be forwarded in a future update.

Meanwhile, visiting White House visitors David Sandalow and Dirk Forrester have made a positive impact through their briefings with the U.S. and international press (no especially hostile questions), U.S. business and environmental NGOs, and JUSCANZ, although there was no new support for our position outside the expected quarters. Separate meetings have been held with Chairman Estrada, Canada, China, Brazil, the UK, Russia, and the European Union. A more complete report of these conversations will follow in Update 6. Suffice it to note that we have found no movement on either II or developing country issues (not to mention on the all-important targets issue). China suggested that an amendment is a real possibility given the "modest" commitments being suggested by some Annex I Parties. The UK said that the EU is focusing only on a protocol but noted that the Commonwealth

Meeting later this week in Edinburgh will be used to promote climate change (including a modest JI effort in response to the Clinton/Blair telcons).

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

Climate Changes Talks, Update No. 5: Negotiations Shift into Higher Gear

Negotiations have shifted into high gear, although this is not apparent from the lack of substantive progress being made on most fronts. Discussion in the INSTITUTIONS non-group is proceeding at an excruciatingly slow pace. Most significantly, the G-77/China is striving to place into the "objectives" portion of the text language which enshrines the principle of "no new commitments for developing countries." This effort is being repeated at each and every opportunity. A policies and measures (PAMs) contact group (consisting of Venezuela, the EU, USA, Japan, and Russia) has been established to look at specific portions of the text. Article 4,1 met for the first time on Oct 23 with problems arising with the discussion of the chapeau, with the G-77/China insisting on a reference to common but differentiated responsibilities. Regarding the proposed listing of measures to be taken by all Parties, the G-77/China has made it patently clear that no listing will be acceptable because it smacks too much as a "commitment."

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TO: Amb. *neu*
 FROM: *Sharon Sule*

QELROs Discussion, Thursday Morning, October 23

AGBM Chairman Estrada opened the QELROs session to split QELROs into two subgroups: the first subgroup will continue to be chaired by Gylvan Meira of Brazil and will discuss the most technical issues including the level of target and timetables, methods, reporting, and coverage of gases and sources/sinks (Article 3, 4, 7, 11, Annexes B and C and Attachments). The second subgroup will be chaired by Ambassador Bo Kjellen of Sweden, and will cover the policy issues of banking, borrowing, emissions trading, joint implementation and voluntary commitments for non-Annex I Parties (Articles 3.4, 3.13, 3.14, 5, 6, 8, 10). The Chairman indicated that this was for expediency for preparing text, and promised that the two subgroups would not meet simultaneously. Several G-77 Parties and China objected to this division of labor, but without success.

Ambassador Mark Hambley read a statement to introduce the President's announcement of his specific plan, including targets and timetables, to address the problem of global warming. Mark summarized the position as containing three major components: the binding target in two 5-year budget periods, to achieve 1990 levels in 2008-2012, and a reduction below 1990 levels in 2013-2018; the flexible mechanisms of emissions trading and joint implementation with credit; and the requirement that the US agreement for binding targets be linked to an agreement for key developing countries to be meaningfully engaged.

Following our statement, the QELROs subgroup addressed Article 3.1. It was the general feeling of the non-group that most Parties agree that this protocol should codify legally binding targets. With that in mind, the G-77 indicated that it was proposing that Article 1 be reworded based very closely on Article 2.2a of the Berlin Mandate (basically 'each Annex I Party shall achieve QELROs within the timeframes of 2005, 2010, and 2020 for emissions and sinks of CO2 and other GHGs'). The US proposed language codifying budget periods (basically 'each Annex I Party shall ensure that its net anthropogenic emissions of GHGs do not exceed its emissions budget for any applicable period, as defined below). The EU again hinted that it found the idea of 5-year budget periods attractive, although it reiterated its position in support of its single year target milestones of 7.5% reduction from 1990 levels by 2005 and 15% reduction below 1990 levels by 2010. Interestingly, Gylvan Meira rather strongly hinted that he would prefer to interpret the US position as supportive of establishing 4 evenly spaced 5-year budget periods to cover the "consensus" that the timeframe of the protocol should cover 2000 to 2020. (Note - Jonathan could not have been clearer in restating the US position that legally binding targets beginning in 2,000 or even 2005 would be unacceptable, but this objection was never really recognized by the Chair.) In any case, many countries expressed support for some sort of simplification - the Chairman indicated that he would work individually with various Parties to try to find common ground text between the US and G-77 proposals.

The QELROs subgroup then moved on to paragraph 3.2 - Parties which supported differentiation expressed support for this paragraph referring to an Attachment to contain the list of commitments for each Party. (Switzerland noted the lack of an explicit reference in the text of para 3.2 to the Attachment and likewise in the Attachment the lack of an explicit reference to para 3.2). The US and the EU, which oppose differentiation indicated our preference for deleting this paragraph and the attachment as unnecessary (and we also noted our concern as to whether the attachment mechanism was even properly legal.)

SUBMITTED BY PAUL SCHWENBELS

Climate Technology Initiative (CTI) side meetings

The CTI Ad Hoc Group met on Monday 20 October, with discussions focusing on preparations for Kyoto. The group has agreed to produce a written progress report and other information to be distributed, and to organize a high profile CTI event, on December 4, which will include discussions of CTI results and goals, signing of joint statements of intent to collaborate on climate friendly technology development and diffusion with organizations such as the World Business Council for Sustainable Development, the E-7 Group of Electric Utility companies, the International Standards Organization, etc., and signing of memoranda of intent for cooperation on several international technology research projects. The group also received for review a draft Ministerial Statement on CTI to be presented at COP-3. The written material will consist of a folder with inserts including a brief summary of CTI, and short progress report, 1-page flyers would be prepared by CTI Task Forces. The group produced and agreed draft text for joint statements to be signed with E7 and the International Electrotechnical Committee (IEC). A proposed Asian Regional Seminar to be cosponsored by CTI members and industry groups in Beijing was discussed. The CTI Chair, Mr. Oshima, proposed that statements of corporate support for CTI be invited and incorporated into the Kyoto material. However, concerns were expressed regarding the merit of insubstantive endorsements in principle, absent more concrete participation in CTI activities. Finally, the next meeting was scheduled for 3 December in Kyoto.

CTI Task Forces (TF) 2 and 3 met on Tuesday 21 October Chaired by Paul Schwengels with Jerry Pell serving as recording secretary, and discussed the draft Action Plans for the two Task Forces that had been issued in advance, and solicited further comments prior to preparing final documents for Kyoto. Also discussed was the proposed Asian Regional Seminar, as described above. It was noted that long term plans anticipate workshops on a continuing basis, but the need for broader support from more countries was stressed. It was suggested that the TFs work more closely with the IEA, as well as with CC:FORUM. Additional possibilities for collaboration include UNEP, UNIDO, etc. Some discussion ensued regarding light participation by member countries in the work of the TFs, as evidenced by the low attendance. In a discussion, after the meeting, the German government indicated a possibility of providing cosponsorship for the proposed Asian Regional Seminar to be held in March 1998.

CTI/NGO Seminar on North-South Dialog on Climate Change and Technology Cooperation

On October 22, the CTI and several NGOs sponsored a seminar on an ongoing dialog on climate change and technology cooperation issues. The CTI has provided support and cooperation for a series of regional workshops in developing countries to begin a dialog on climate change issues, with a focus on technology cooperation opportunities. The NGO partners are the Bangladesh Centre for Advanced Studies (Dhaka, Bangladesh), the Pacific Institute for Studies in Development, Environment and Security (Oakland, CA, USA), the Woods Hole Research Center (Woods Hole, MA, USA), Environment and Development Action in the Third World (ENDA, Dakar, Senegal) and the Graduate School of Engineering in the Federal University of Rio de Janeiro (Brasil). CTI and These groups jointly sponsored a

seminar presenting results of two regional workshops and model projects and programs illustrating GHG reducing actions already underway in developing countries. The Meeting was Co-Chaired by Ambassador Raul Estrada (Chair of the AGBM) and Ms. Rene Dempsey-Clifford of Ireland, (Co-Chair of the CTI Ad Hoc Group). The results to date provide a sense of the significant possibilities for "win-win" actions which promote sustainable development and GHG mitigation simultaneously, and provide a basis for a proposed second stage which will identify the opportunities and technology cooperation needs in much more detail.

CC: FORUM

Also on 21 October, Paul Schwengels and Jerry Pell represented the US Country Studies Program at a meeting of CC:FORUM, an informal group chaired by the FCCC Secretariat to coordinate efforts of bilateral and multilateral programs supporting enabling activities and national communications in developing countries. Discussions led to tentative agreements with the UNFCCC Secretariat and CC:TRAIN to collaborate on shared interests with the USCSP and CTI, primarily in the areas of electronic communication, methodologies and training. It was also agreed that CC:FORUM would organize a session in Kyoto on coordinated activities of a number of bilateral country studies programs and UN enabling activities, contingent on the availability of meeting space. This session would showcase a full range of technical support which has been provided to developing countries and key results the studies and projects to date.



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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 23 OCTOBER 1997

Delegates to the eighth session of the *Ad Hoc* Group on the Berlin Mandate (AGBM-8) met in "non-group" sessions on quantified emission limitation and reduction objectives (QELROs), advancing the implementation of Article 4.1 and institutions, mechanisms and compliance. The Subsidiary Body for Scientific and Technical Advice (SBSTA-7) held an informal meeting with the Intergovernmental Panel on Climate Change (IPCC). The Chair of the AGBM conducted a briefing for observers on the progress of negotiations.

OBSERVER BRIEFING

AGBM Chair Raúl Estrada-Oyuela (Argentina) reported that AGBM-8 delegates should focus on producing consensus, but noted that many were still "playing games with brackets." He also said that a new "non-group" (QELROs-2) chaired by Bo Kjellén (Sweden) was established to address some aspects of QELROs, as well as articles related to, *inter alia*, emissions trading, joint implementation, voluntary commitments, review of national communications and review of commitments. The non-group Chairs gave brief statements on the upcoming work of their groups.

Responding to questions regarding the US position, announced by President Clinton on Wednesday, he noted that a number of questions would need to be answered. He characterized the position as a "modest" offer but said he was impressed that the US President had taken up the issue himself. He said the outcome will depend upon the reaction of other delegations, but noted that a position issued from a Head of State does not leave much room for flexibility.

NON-GROUP ON QELROs-1

The US introduced its position as announced by President Clinton on Wednesday. The position contained three elements. The US will commit to a binding target of returning emissions to 1990 levels in a budget period between 2008 and 2012, to reducing net emissions of all GHGs below 1990 levels in the five-year period thereafter (between 2013 and 2018), and working for further reductions in the years beyond that. It also called for a series of flexible market mechanisms, including emissions trading and joint implementation. The US will not assume binding obligations unless key developing countries meaningfully participate. He said this posi-

tion reflects the fact that if the entire industrialized world reduces emissions while developing countries continue to grow at their current pace, GHG concentrations will continue to climb.

The US also recalled that President Clinton announced a domestic program, including a US\$5 billion series of tax incentives and research investments to encourage energy efficiency and the use of cleaner energy. He also proposed the creation of a domestic market-based system for reducing emissions that will tie national efforts into a global emissions market.

On the discussion of the consolidated negotiating text, there was agreement that "each" of the Annex I Parties would take on commitments regarding targets. Delegates discussed whether Annex I Parties would "reduce," "limit" or "stabilize" anthropogenic emissions of GHGs with a "net" or "aggregate" approach and whether they would do it individually or jointly. A regional group favored reducing or limiting emissions of GHGs jointly and with an aggregate approach, but met objection from one country. A group of countries proposed that commitments for Annex I Parties be spelled out within the text instead of appearing in an attachment.

NON-GROUP ON INSTITUTIONS AND MECHANISMS

Delegates in the non-group on institutions and mechanisms agreed that there was no need to recapitulate elements from the FCCC in the preamble. On the article listing definitions, delegates agreed to delete text on the role of the Meeting of the Parties. A regional group introduced a new draft article based on the IPCC's scientific findings. Non-group Chair Takao Shibata (Japan) invited a number of delegations to consult on a substantive proposal to insert references to the FCCC objectives in the negotiating text. There was some resistance to a follow-up suggestion that the negotiating text also refer to FCCC principles. Of the two proposals contained in the negotiating text on the senior body to oversee the Protocol, the alternative which describes the Conference of the Parties as the supreme body of the Protocol attracted most support. The Chair offered to incorporate a number of points raised by one delegation into a fresh version of the preferred text. There was general support for institutional economy through which the existing institutions serve the purposes of the Protocol, and negotiators will endeavor to detail any new COP functions arising from new responsibilities.

NON-GROUP ON ARTICLE 4.1

The non-group on advancing existing commitments in Article 4.1 chaired by Evans King (Trinidad and Tobago) met in the morning and discussed the chapeau and second paragraph of the

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AGBM Chair's draft. There was some support for adding a reference to common but differentiated responsibilities. Delegates could not agree on whether to advance commitments "in accordance with" Convention Articles 4.3, 4.5 and 4.7 as favored by developing countries or "taking into account" those articles as proposed by developed countries. Delegates disagreed about a portion of a consensus text offered by the non-group Chair in which parties would work toward sustainable development. A delegation suggested replacing the chapeau with Convention and Berlin Mandate language.

On three sub-paragraphs describing national inventories and related methodologies and cooperation, delegates debated whether the text constituted a new commitment for developing countries or was a clarification of existing common but differentiated commitments. A regional group suggested combining sub-paragraphs on inventories or methodologies. Another group suggested replacement text for all three. A delegation proposed deleting all references to the Convention and to financial resources. A small group was convened in the evening to try to address the various recommendations.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNICAL ADVICE

Dr. Robert Watson introduced a paper containing 16 decisions of the IPCC taken at its September meeting. He noted that the Third Assessment Report (TAR) would cover a range of scientific, technical, economic and social issues. It will consist of reports of IPCC Working Groups I (scientific aspects), II (vulnerability of systems) and III (mitigation), and will focus heavily on regional aspects. The three Working Group reports, which will be approved by late 2000 or early 2001, will be integrated into a policy relevant Synthesis Report, which will be completed by the second quarter of 2001.

The Synthesis Report will be written in a non-technical style suitable for policymakers and will address a broad range of key policy relevant questions. The IPCC Chair and the Working Group Co-Chairs will develop these questions in consultation with the President of the COP and chairs of other FCCC bodies. The questions will be circulated to governments for comment, and the IPCC will approve them at its Fourteenth Session.

The IPCC also took decisions on enhancing participation of experts from developing countries and countries with economies in transition, as well as business and development organizations. Other decisions related to: scope of the working groups and nominations of lead authors; peer-review process for the Working Group Reports and the TAR; the editorial review process; utilization of non-English language literature; the structure of the IPCC Bureau; publication and translation procedures; and the financial task team.

SBSTA delegates asked a number of questions regarding IPCC decisions, such as: whether the IPCC would consider developing an overall environmental objective for the FCCC processes; whether existing long-term observation and satellite systems were adequate; and whether the IPCC deadlines for comments were flexible. Other questions raised were: whether the "business as usual" scenario changes by applying IPCC recommendations; what impact would developing countries' actions have in changing it; and whether reducing emissions sooner rather than later would "buy" greater climatic resilience and certainty.

On the TAR, delegates asked: whether uncertainties in projections and conclusions would be addressed; whether research methodologies and techniques would be adequately spelled out, and whether several options and scenarios would be included to allow the reader to draw her own conclusions. Delegates also asked whether the TAR would include adaptation options and impacts, particularly for developing countries; rely heavily on numerical models or use historical models as well; whether the synthesis report would address policy questions made by SBSTA; would the link, if any, between "El Niño" and global warming be addressed; and how would IPCC and SBSTA coordinate their schedules to ensure that TAR was sufficiently informed by SBSTA.

IN THE CORRIDORS

Reactions to the US positions were the order of the day in the corridors. Some "disappointed" EU delegates agreed with many of the facts underlying the US position, but said these facts were not properly reflected in the proposed targets. Recalling that the IPCC science calls for early action and indicates the need for significant reductions below 1990 levels, many said the US target, which is even lower than Japan's "inadequate" target, is a "long way" from this and intensive dialogue with all Parties was needed.

Some developing countries delegates were not surprised by the US position and said the G-77/China proposal was intended to counter-balance it. One developing country observer noted that the US, in promoting its containment policies, has played several unilateral cards worldwide as of late and speculated that inflexibility in this forum could lead to failure. Another said that no protocol is better than a protocol with new developing country commitments.

Environmental NGOs have begun preparing their strategic response, determined to "salvage" the AGBM process and ensure that a reported "celebration" by the business lobby on Wednesday evening was premature. Given the high-level nature of the US announcement, NGOs will focus their efforts on attempts to convince other Heads of State, such as British Prime Minister Blair and Germany's Chancellor Kohl to engage the White House. Japan will also face intense lobbying, as some NGOs have suggested that the host government for COP-3 had paved the way for the US announcement with its own "extremist" position.

The AGBM process is set to continue along parallel negotiating tracks, with "megaphone diplomacy" punctuating the formal talks in Bonn and beyond. One NGO speaker underlined his colleagues' determination to pursue the negotiators to the bitter end in December, with the thought that "it's not over 'til the fat lady sings."

THINGS TO LOOK FOR TODAY

OBSERVER BRIEFING: The observer briefing will be held at 9:30 am.

OELROs-2 NON-GROUP: This non-group will meet at 10:00 am.

SBSTA: SBSTA will meet at 10:00 am.

P&Ms NON-GROUP: The non-group on policies and measures will meet at 3:00 pm.

OELROs-1: This non-group will meet at 3:00 pm.

Climate Talks, Bonn, Germany
October 20-31, 1997

Revised 10/21/97

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USTR	Jennifer Haverkamp	6-7583	6-7551
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24 October 1997

Memorandum

To: Please See the Attached List
From: USDEL/Bonn -- Mark G. Hambley
Subject: Climate Change Talks, Update No. 5: Activities for October 23/24, 1997

This is one of a series of unofficial and informal reports covering meetings and activities related to the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM-8), the Subsidiary Body on Implementation (SBI), and the Subsidiary Body on Scientific and Technological Advice (SBSTA) which are meeting in Bonn between October 20-31, 1997. This report covers activities from the afternoon sessions on Oct 23 through the morning meetings on Oct 24. Additional reports on the QERLOS discussion on Oct 23, plus reports on various CTI discussions, are also included, as is the latest issue of the "Earth Negotiations Bulletin." Although the contents are unclassified, they are not intended for attribution or for use outside the U.S. Government. The final paragraphs of this report can be used as a submission to the Daily Activities Report (DAR) as desired or appropriate.

Climate Changes Talks, Update No. 5: Negotiations Shift into Higher Gear

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The QERLOS discussions under Swedish Ambassador Bo Kjellin worked in the cramped quarters of 'the Studio' -- a room configured like a surgical teaching theatre -- on a variety of topics including one dealing with baselines for economics in transition, while SBSTA dealt with such weighty issues as relations with the IPCC and AU. Fuller reports will be forwarded in a future update.

Meanwhile, visiting White House visitors David Sandalow and Dirk Forrester have made a positive impact through their briefings with the U.S. and international press (no especially hostile questions), U.S. business and environmental NGOs, and JUSCANZ, although there was no new support for our position outside the expected quarters. Separate meetings have been held with Chairman Estrada, Canada, China, Brazil, the UK, Russia, and the European Union. A more complete report of these conversations will follow in Update 6. Suffice it to note that we have found no movement on either II or developing country issues (not to mention on the all-important targets issue). China suggested that an amendment is a real possibility given the "modest" commitments being suggested by some Annex I Parties. The UK said that the EU is focusing only on a protocol but noted that the Commonwealth

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

Climate Changes Talks, Update No. 5: Negotiations Shift into Higher Gear

Negotiations have shifted into high gear, although this is not apparent from the lack of substantive progress being made on most fronts. Discussion in the INSTITUTIONS non-group is proceeding at an excruciatingly slow pace. Most significantly, the G-77/China is striving to place into the "objectives" portion of the text language which enshrines the principle of "no new commitments for developing countries." This effort is being repeated at each and every opportunity. A policies and measures (PAMs) contact group (consisting of Venezuela, the EU, USA, Japan, and Russia) has been established to look at specific portions of the text. Article 4.1 met for the first time on Oct 23 with problems arising with the discussion of the chapeau, with the G-77/China insisting on a reference to common but differentiated responsibilities. Regarding the proposed listing of measures to be taken by all Parties, the G-77/China has made it patently clear that no listing will be acceptable because it smacks too much as a "commitment."

Meanwhile, visiting White House visitors David Sandalow and Dirk Forrister have made a positive impact through their briefings with the U.S. and international press (no especially hostile questions), U.S. business and environmental NGOs, and JUSCANZ, although we have seen no support for our position outside of the expected quarters. Separate meetings have been held with Chairman Estrada, Canada, China, Brazil, the UK, Russia, and the European Union. We have found no movement on either JI or developing country issues (not to mention the all-important target issue). China suggested that an amendment is a real possibility given the "modest" commitments being suggested by some Annex I Parties. The UK said that the EU is focusing only on a protocol but noted that the Commonwealth Meeting later this week in Edinburgh will be used to promote climate change (including a modest JI effort in response to the Clinton/Blair telecons).

The Russian meeting provided an opportunity to begin the new "dialogue" we hope to open with the Russians this week, following up on the Pomerance-Bedritsky talks of mid-October. The EU talks, unfortunately, did not go anywhere. Key negotiators were not present (the Germans, Dutch for example) and the question period was dominated by Heningen of the EC, Bo Kjellin of Sweden, and mid-ranking Dutch and Danish officials who pressed us for answers on production and consumption and similarly arcane topics. At the end of this discussion, the UK rep (the solid deputy to Peter Unwin) summed up the meeting with the remark to a member of USDEL by complaining: "What a wasted opportunity, listening to the Danes talk about wind mills." The Luxembourg coordinator told us we should arrange a smaller meeting with Troika members only during the coming week. We agreed to do so. (Hambley)

TO: Amb. *[Handwritten]*
FROM: Sharon Saile

QELROs Discussion, Thursday Morning, October 23

AGBM Chairman Estrada opened the QELROs session to split QELROs into two subgroups: the first subgroup will continue to be chaired by Gylvan Meira of Brazil and will discuss the most technical issues including the level of target and timetables, methods, reporting, and coverage of gases and sources/sinks (Article 3, 4, 7, 11, Annexes B and C and Attachments). The second subgroup will be chaired by Ambassador Bo Kjellen of Sweden, and will cover the policy issues of banking, borrowing, emissions trading, joint implementation and voluntary commitments for non-Annex I Parties (Articles 3.4, 3.13, 3.14, 5, 6, 8, 10). The Chairman indicated that this was for expediency for preparing text, and promised that the two subgroups would not meet simultaneously. Several G-77 Parties and China objected to this division of labor, but without success.

Ambassador Mark Hambley read a statement to introduce the President's announcement of his specific plan, including targets and timetables, to address the problem of global warming. Mark summarized the position as containing three major components: the binding target in two 5-year budget periods, to achieve 1990 levels in 2008-2012, and a reduction below 1990 levels in 2013-2018; the flexible mechanisms of emissions trading and joint implementation with credit; and the requirement that the US agreement for binding targets be linked to an agreement for key developing countries to be meaningfully engaged.

Following our statement, the QELROs subgroup addressed Article 3.1. It was the general feeling of the non-group that most Parties agree that this protocol should codify legally binding targets. With that in mind, the G-77 indicated that it was proposing that Article 1 be reworded based very closely on Article 2.2a of the Berlin Mandate (basically 'each Annex I Party shall achieve QELROs within the timeframes of 2005, 2010, and 2020 for emissions and sinks of CO2 and other GHGs'). The US proposed language codifying budget periods (basically 'each Annex I Party shall ensure that its net anthropogenic emissions of GHGs do not exceed its emissions budget for any applicable period, as defined below). The EU again hinted that it found the idea of 5-year budget periods attractive, although it reiterated its position in support of its single year target milestones of 7.5% reduction from 1990 levels by 2005 and 15% reduction below 1990 levels by 2010. Interestingly, Gylvan Meira rather strongly hinted that he would prefer to interpret the US position as supportive of establishing 4 evenly spaced 5-year budget periods to cover the "consensus" that the timeframe of the protocol should cover 2000 to 2020. (Note - Jonathan could not have been clearer in restating the US position that legally binding targets beginning in 2,000 or even 2005 would be unacceptable, but this objection was never really recognized by the Chair.) In any case, many countries expressed support for some sort of simplification - the Chairman indicated that he would work individually with various Parties to try to find common ground text between the US and G-77 proposals.

The QELROs subgroup then moved on to paragraph 3.2 - Parties which supported differentiation expressed support for this paragraph referring to an Attachment to contain the list of commitments for each Party. (Switzerland noted the lack of an explicit reference in the text of para 3.2 to the Attachment and likewise in the Attachment the lack of an explicit reference to para 3.2). The US and the EU, which oppose differentiation indicated our preference for deleting this paragraph and the attachment as unnecessary (and we also noted our concern as to whether the attachment mechanism was even properly legal.)

SUBMITTED BY PAUL SCHWENGELS

Climate Technology Initiative (CTI) side meetings

The CTI Ad Hoc Group met on Monday 20 October, with discussions focusing on preparations for Kyoto. The group has agreed to produce a written progress report and other information to be distributed, and to organize a high profile CTI event, on December 4, which will include discussions of CTI results and goals, signing of joint statements of intent to collaborate on climate friendly technology development and diffusion with organizations such as the World Business Council for Sustainable Development, the E-7 Group of Electric Utility companies, the International Standards Organization, etc., and signing of memoranda of intent for cooperation on several international technology research projects. The group also received for review a draft Ministerial Statement on CTI to be presented at COP-3. The written material will consist of a folder with inserts including a brief summary of CTI, and short progress report, 1-page flyers would be prepared by CTI Task Forces. The group produced and agreed draft text for joint statements to be signed with E7 and the International Electrotechnical Committee (IEC). A proposed Asian Regional Seminar to be cosponsored by CTI members and industry groups in Beijing was discussed. The CTI Chair, Mr. Oshima, proposed that statements of corporate support for CTI be invited and incorporated into the Kyoto material. However, concerns were expressed regarding the merit of insubstantive endorsements in principle, absent more concrete participation in CTI activities. Finally, the next meeting was scheduled for 3 December in Kyoto.

CTI Task Forces (TF) 2 and 3 met on Tuesday 21 October Chaired by Paul Schwengels with Jerry Pell serving as recording secretary, and discussed the draft Action Plans for the two Task Forces that had been issued in advance, and solicited further comments prior to preparing final documents for Kyoto. Also discussed was the proposed Asian Regional Seminar, as described above. It was noted that long term plans anticipate workshops on a continuing basis, but the need for broader support from more countries was stressed. It was suggested that the TFs work more closely with the IEA, as well as with CC:FORUM. Additional possibilities for collaboration include UNEP, UNIDO, etc. Some discussion ensued regarding light participation by member countries in the work of the TFs, as evidenced by the low attendance. In a discussion, after the meeting, the German government indicated a possibility of providing cosponsorship for the proposed Asian Regional Seminar to be held in March 1998.

CTI/NGO Seminar on North-South Dialog on Climate Change and Technology Cooperation

On October 22, the CTI and several NGOs sponsored a seminar on an ongoing dialog on climate change and technology cooperation issues. The CTI has provided support and cooperation for a series of regional workshops in developing countries to begin a dialog on climate change issues, with a focus on technology cooperation opportunities. The NGO partners are the Bangladesh Centre for Advanced Studies (Dhaka, Bangladesh), the Pacific Institute for Studies in Development, Environment and Security (Oakland, CA, USA), the Woods Hole Research Center (Woods Hole, MA, USA), Environment and Development Action in the Third World (ENDA, Dakar, Senegal) and the Graduate School of Engineering in the Federal University of Rio de Janeiro (Brasil). CTI and These groups jointly sponsored a

seminar presenting results of two regional workshops and model projects and programs illustrating GHG reducing actions already underway in developing countries. The Meeting was Co-Chaired by Ambassador Raul Estrada (Chair of the AGBM) and Ms. Rene Dempsey-Clifford of Ireland, (Co-Chair of the CTI Ad Hoc Group). The results to date provide a sense of the significant possibilities for "win-win" actions which promote sustainable development and GHG mitigation simultaneously, and provide a basis for a proposed second stage which will identify the opportunities and technology cooperation needs in much more detail.

CC: FORUM

Also on 21 October, Paul Schwengels and Jerry Pell represented the US Country Studies Program at a meeting of CC:FORUM, an informal group chaired by the FCCC Secretariat to coordinate efforts of bilateral and multilateral programs supporting enabling activities and national communications in developing countries. Discussions led to tentative agreements with the UNFCCC Secretariat and CC:TRAIN to collaborate on shared interests with the USCSP and CTI, primarily in the areas of electronic communication, methodologies and training. It was also agreed that CC:FORUM would organize a session in Kyoto on coordinated activities of a number of bilateral country studies programs and UN enabling activities, contingent on the availability of meeting space. This session would showcase a full range of technical support which has been provided to developing countries and key results the studies and projects to date.

'97 OCT 24 PM 6:34

October 24, 1997

MEMORANDUM TO NATALIE WYMER**FROM: STEPHANIE CUTTER, EPA****SUBJECT: EDITORIAL BOARDS ON GLOBAL WARMING**

Below is a list of the editorial boards Administrator Browner has spoken with or is scheduled to speak with regarding the President's announcement on October 22 of the U.S. position to curb global warming. Administrator Browner also appeared on CNN's *Crossfire* and CNN's *Financial News* to talk about the Clinton Administration's global warming plan.

Miami Herald (10/23)*Orlando Sentinel* (10/23)*Philadelphia Inquirer* (10/23)*St. Petersburg Times* (10/23)*Palm Beach Post* (10/28)

Please call me at 260-9828 if you have any questions.

cc: Todd Stern
Kris Balderston



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

'97 OCT 24 PM 6:32

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24 October 1997

HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 23 OCTOBER 1997

Delegates to the eighth session of the *Ad Hoc* Group on the Berlin Mandate (AGBM-8) met in "non-group" sessions on quantified emission limitation and reduction objectives (QELROs), advancing the implementation of Article 4.1 and institutions, mechanisms and compliance. The Subsidiary Body for Scientific and Technical Advice (SBSTA-7) held an informal meeting with the Intergovernmental Panel on Climate Change (IPCC). The Chair of the AGBM conducted a briefing for observers on the progress of negotiations.

OBSERVER BRIEFING

AGBM Chair Raúl Estrada-Oyuela (Argentina) reported that AGBM-8 delegates should focus on producing consensus, but noted that many were still "playing games with brackets." He also said that a new "non-group" (QELROs-2) chaired by Bo Kjellén (Sweden) was established to address some aspects of QELROs, as well as articles related to, *inter alia*, emissions trading, joint implementation, voluntary commitments, review of national communications and review of commitments. The non-group Chairs gave brief statements on the upcoming work of their groups.

Responding to questions regarding the US position, announced by President Clinton on Wednesday, he noted that a number of questions would need to be answered. He characterized the position as a "modest" offer but said he was impressed that the US President had taken up the issue himself. He said the outcome will depend upon the reaction of other delegations, but noted that a position issued from a Head of State does not leave much room for flexibility.

NON-GROUP ON QELROs-1

The US introduced its position as announced by President Clinton on Wednesday. The position contained three elements. The US will commit to a binding target of returning emissions to 1990 levels in a budget period between 2008 and 2012, to reducing net emissions of all GHGs below 1990 levels in the five-year period thereafter (between 2013 and 2018), and working for further reductions in the years beyond that. It also called for a series of flexible market mechanisms, including emissions trading and joint implementation. The US will not assume binding obligations unless key developing countries meaningfully participate. He said this posi-

tion reflects the fact that if the entire industrialized world reduces emissions while developing countries continue to grow at their current pace, GHG concentrations will continue to climb.

The US also recalled that President Clinton announced a domestic program, including a US\$5 billion series of tax incentives and research investments to encourage energy efficiency and the use of cleaner energy. He also proposed the creation of a domestic market-based system for reducing emissions that will tie national efforts into a global emissions market.

On the discussion of the consolidated negotiating text, there was agreement that "each" of the Annex I Parties would take on commitments regarding targets. Delegates discussed whether Annex I Parties would "reduce," "limit" or "stabilize" anthropogenic emissions of GHGs with a "net" or "aggregate" approach and whether they would do it individually or jointly. A regional group favored reducing or limiting emissions of GHGs jointly and with an aggregate approach, but met objection from one country. A group of countries proposed that commitments for Annex I Parties be spelled out within the text instead of appearing in an attachment.

NON-GROUP ON INSTITUTIONS AND MECHANISMS

Delegates in the non-group on institutions and mechanisms agreed that there was no need to recapitulate elements from the FCCC in the preamble. On the article listing definitions, delegates agreed to delete text on the role of the Meeting of the Parties. A regional group introduced a new draft article based on the IPCC's scientific findings. Non-group Chair Takao Shibata (Japan) invited a number of delegations to consult on a substantive proposal to insert references to the FCCC objectives in the negotiating text. There was some resistance to a follow-up suggestion that the negotiating text also refer to FCCC principles. Of the two proposals contained in the negotiating text on the senior body to oversee the Protocol, the alternative which describes the Conference of the Parties as the supreme body of the Protocol attracted most support. The Chair offered to incorporate a number of points raised by one delegation into a fresh version of the preferred text. There was general support for institutional economy through which the existing institutions serve the purposes of the Protocol, and negotiators will endeavor to detail any new COP functions arising from new responsibilities.

NON-GROUP ON ARTICLE 4.1

The non-group on advancing existing commitments in Article 4.1 chaired by Evans King (Trinidad and Tobago) met in the morning and discussed the chapeau and second paragraph of the

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AGBM Chair's draft. There was some support for adding a reference to common but differentiated responsibilities. Delegates could not agree on whether to advance commitments "in accordance with" Convention Articles 4.3, 4.5 and 4.7 as favored by developing countries or "taking into account" those articles as proposed by developed countries. Delegates disagreed about a portion of a consensus text offered by the non-group Chair in which parties would work toward sustainable development. A delegation suggested replacing the chapeau with Convention and Berlin Mandate language.

On three sub-paragraphs describing national inventories and related methodologies and cooperation, delegates debated whether the text constituted a new commitment for developing countries or was a clarification of existing common but differentiated commitments. A regional group suggested combining sub-paragraphs on inventories or methodologies. Another group suggested replacement text for all three. A delegation proposed deleting all references to the Convention and to financial resources. A small group was convened in the evening to try to address the various recommendations.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNICAL ADVICE

Dr. Robert Watson introduced a paper containing 16 decisions of the IPCC taken at its September meeting. He noted that the Third Assessment Report (TAR) would cover a range of scientific, technical, economic and social issues. It will consist of reports of IPCC Working Groups I (scientific aspects), II (vulnerability of systems) and III (mitigation), and will focus heavily on regional aspects. The three Working Group reports, which will be approved by late 2000 or early 2001, will be integrated into a policy relevant Synthesis Report, which will be completed by the second quarter of 2001.

The Synthesis Report will be written in a non-technical style suitable for policymakers and will address a broad range of key policy relevant questions. The IPCC Chair and the Working Group Co-Chairs will develop these questions in consultation with the President of the COP and chairs of other FCCC bodies. The questions will be circulated to governments for comment, and the IPCC will approve them at its Fourteenth Session.

The IPCC also took decisions on enhancing participation of experts from developing countries and countries with economies in transition, as well as business and development organizations. Other decisions related to: scope of the working groups and nominations of lead authors; peer-review process for the Working Group Reports and the TAR; the editorial review process; utilization of non-English language literature; the structure of the IPCC Bureau; publication and translation procedures; and the financial task team.

SBSTA delegates asked a number of questions regarding IPCC decisions, such as: whether the IPCC would consider developing an overall environmental objective for the FCCC processes; whether existing long-term observation and satellite systems were adequate; and whether the IPCC deadlines for comments were flexible. Other questions raised were: whether the "business as usual" scenario changes by applying IPCC recommendations; what impact would developing countries' actions have in changing it and whether reducing emissions sooner rather than later would "buy" greater climatic resilience and certainty.

On the TAR, delegates asked: whether uncertainties in projections and conclusions would be addressed; whether research methodologies and techniques would be adequately spelled out; and whether several options and scenarios would be included to allow the reader to draw her own conclusions. Delegates also asked whether the TAR would include adaptation options and impacts, particularly for developing countries; rely heavily on numerical models or use historical models as well; whether the synthesis report would address policy questions made by SBSTA; would the link, if any, between "El Niño" and global warming be addressed; and how would IPCC and SBSTA coordinate their schedules to ensure that TAR was sufficiently informed by SBSTA.

IN THE CORRIDORS

Reactions to the US positions were the order of the day in the corridors. Some "disappointed" EU delegates agreed with many of the facts underlying the US position, but said these facts were not properly reflected in the proposed targets. Recalling that the IPCC science calls for early action and indicates the need for significant reductions below 1990 levels, many said the US target, which is even lower than Japan's "inadequate" target, is a "long way" from this and intensive dialogue with all Parties was needed.

Some developing countries delegates were not surprised by the US position and said the G-77/China proposal was intended to counter-balance it. One developing country observer noted that the US, in promoting its containment policies, has played several unilateral cards worldwide as of late and speculated that inflexibility in this forum could lead to failure. Another said that no protocol is better than a protocol with new developing country commitments.

Environmental NGOs have begun preparing their strategic response, determined to "salvage" the AGBM process and ensure that a reported "celebration" by the business lobby on Wednesday evening was premature. Given the high-level nature of the US announcement, NGOs will focus their efforts on attempts to convince other Heads of State, such as British Prime Minister Blair and Germany's Chancellor Kohl to engage the White House. Japan will also face intense lobbying, as some NGOs have suggested that the host government for COP-3 had paved the way for the US announcement with its own "extremist" position.

The AGBM process is set to continue along parallel negotiating tracks, with "megaphone diplomacy" punctuating the formal talks in Bonn and beyond. One NGO speaker underlined his colleagues' determination to pursue the negotiators to the bitter end in December, with the thought that "it's not over 'til the fat lady sings."

THINGS TO LOOK FOR TODAY

OBSERVER BRIEFING: The observer briefing will be held at 9:30 am.

QELROs-2 NON-GROUP: This non-group will meet at 10:00 am.

SBSTA: SBSTA will meet at 10:00 am.

P&Ms NON-GROUP: The non-group on policies and measures will meet at 3:00 pm.

QELROs-1: This non-group will meet at 3:00 pm.

Climate Talks, Bonn, Germany
October 20-31, 1997

Revised 10/21/97

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USUN	Burgess Laird	6-7583	6-7551

Bonn **1**

²²
~~21~~ October 1997

Memorandum

To: Please See the Attached List

From: USDEL/Bonn -- Mark G. Hambley ~~to~~

Subject: Climate Change Talks, Addendum to Update No. 3: ECO and the Earth Negotiations Bulletin for October 21/22, 1997

Included with this report are the latest issues of ECO and the Earth Negotiations Bulletin covering the on-going climate change talks in Bonn.

Climate Talks, Bonn, Germany
October 20-31, 1997



Revised 10/21/97

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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 21 OCTOBER 1997

Delegates to the seventh session of the Subsidiary Body for Implementation (SBI-7) discussed communications from Parties included in Annex I, the review process for the financial mechanism, proposed amendments to the Convention and mechanisms for consultations with NGOs. Discussions in the seventh session of the Subsidiary Body for Scientific and Technical Advice (SBSTA-7) centered on the roster of experts, the development and transfer of technologies and methodological issues.

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI Vice-Chair José Romero (Switzerland) invited Parties to continue discussion on the pilot phase of activities implemented jointly (AIJ) and recalled that a joint SBSTA/SBI contact group would begin work on this item. SRI LANKA noted the obstacles posed by the additionality principle in the AIJ criteria and welcomed a decision by France to delete the additionality condition from its AIJ guidelines. He called on other Annex I Parties to do likewise. INDIA, supported by VENEZUELA, highlighted the limited scope and geographical distribution of current projects and the narrow information base available for assessment. He said a comprehensive review of the pilot phase would not be possible as envisaged by the COP. He called for more projects utilizing front-line technologies and clear data on GHG reductions, cost effectiveness and contribution to capacity building. AUSTRALIA said Parties must capture the advantages in cost effectiveness and environmental gains. He noted the importance of flexibility in financing AIJ and announced an Australian AIJ initiative with three developing countries.

On national communications from Parties included in Annex I, the Secretariat introduced the first compilation and synthesis (FCCC/SBI/1997/19), an addendum containing tables of inventories of anthropogenic emissions and removals (Add.1); and updated information on GHG emissions and projections (INF.4). The US supported the development of an electronic reporting program, and requested a report based on Parties' suggestions for improvements. He noted that many Parties did not follow the guidelines for reporting for policies and measures. The EU noted that some Parties have had difficulty complying with guidelines; non-Annex I experts should participate in the review process; and its communication "is being finalized. The US and the EU noted the inadequacy of reporting measures for HFCs, SFCs and SF₆.

CHINA stated that reporting should focus on CO₂, policies and measures should take into account different country situations, and that the report does not adequately address technology transfer. NEW ZEALAND said Parties should nominate a range of experts

for reviewing reports. With the EU, she did not support the Secretariat's proposal to discontinue the distribution of executive summaries drawn from the communications. UZBEKISTAN said the participation of national experts from countries with economies in transition and developing countries could provide good training. URUGUAY said it had just presented its first national communication and called for broad FCCC implementation by Parties that bear the greatest responsibilities.

On the review of the financial mechanism, the Vice-Chair informed delegations that a proposed Chair's draft decision had been prepared and appeared as Appendix III to document FCCC/SBI/1997/16. The GEF introduced its report to COP-3, which addressed how it had implemented the guidance provided by previous COPs. She noted that during the 13 month reporting period, total project funding for climate change activities exceeded US\$570 million, of which the GEF provided approximately US\$155 million in grant financing. She said the report described activities undertaken by GEF to improve its performance, including a report on the application of the concept of full incremental costs.

The EU said that the review of the financial mechanism should be seen as an ongoing activity of the COP, that EU members had already pressed for replenishment of GEF and that it hoped that this meeting would agree to the designation of GEF as the financial mechanism. TANZANIA, on behalf of the G-77/CHINA, reiterated its position on the need to continue dialogue on the designation of GEF as the FCCC financial mechanism. INDIA pointed to the need to expand the parameters that are used on the ground by GEF for the preparation of initial communications. A drafting group was established to consider the issue further.

Delegates also considered proposed amendments. The Vice-Chair said the question is whether SBI should make recommendations to the COP regarding the amendments. One submitted by Pakistan and Azerbaijan would remove Turkey from Annexes I and II. Pakistan noted Turkey's status as a medium developed country and its fractional emissions compared to the Annex I average. TURKEY said it intends to become a Party, but its burden would be disproportionate given its economic circumstances.

The EU said all OECD members should adopt commitments under a protocol. He opposed the amendment, pending a possible special regime for Turkey, Mexico and Korea or Turkey's indication of a target it would assume. KOREA distinguished between the status it shares with Mexico as a non-Annex I Party and that of Turkey. He said it was another matter whether Korea would voluntarily assume emissions reductions. MEXICO said there was no grounds to include Mexico and Korea in possible protocol annexes. He rejected attempts to link membership in any organization with Convention obligations.

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JAPAN and CANADA said all cases including Turkey's should fall within an overall review of Annexes required by December 1998. The US said a recommendation would be easier to develop when the post-2000 regime and various national roles are clear.

An amendment proposed by the EU would permit adoption of a protocol by 3/4 majority if consensus is absent, and would apply the protocol provisionally pending its entry into force. The EU said the amendment allows the majority's desire for urgent action to be met. He recommended leaving the amendment on the table for COP-3.

SAUDI ARABIA said the amendment opened the door for many more and that provisional application violated the Convention. VENEZUELA said provisional application was "absurd" and not a proper amendment. The US and CHINA expressed reservations about provisional application. AUSTRALIA said he cannot accept a protocol with economic implications adopted by majority voting. KOREA opposed the amendment.

An amendment proposed by KUWAIT calls on Annex I Parties to provide financial resources, including technology transfer, determined by the COP to meet the full incremental costs of developing countries' obligations. SAUDI ARABIA said the amendment is the only way to ensure necessary funds are forthcoming. The UK, the US, AUSTRALIA, JAPAN and SWITZERLAND did not accept the amendment. The Vice-Chair suggested a conclusion noting that proposed amendments be forwarded to COP-3, recommending that the COP take account of views expressed during SBI.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNICAL ADVICE

On the roster of experts, the EU noted that Parties should be requested to review the information on the current roster and submit additional nominations to the Secretariat, particularly of experts with backgrounds related to the economic and financial aspects of transfer of technology and know-how. With regard to the issue of Intergovernmental Technical Advisory Panels (ITAPs), she pointed out that until now SBSTA had not been able to establish the panels, mainly because of difficulties in agreeing on a structure. She said the structure should facilitate a flexible and effective approach and indicated that a number of small working groups could be established to deal with SBSTA's scientific and methodological issues. The G-77/CHINA reiterated that the establishment of ITAPs is central to SBSTA's work, particularly on technology transfer and know-how.

Regarding procedural problems encountered in using the roster, the US stated that they would not be solved by establishing permanent standing bodies. He said it was premature to take a decision on ITAPs and encouraged better use of the roster through increased participation by experts. On the EU proposal, the US said nothing precluded putting it into effect right away.

JAPAN and ZIMBABWE agreed that although a useful tool, the roster lacked geographical balance, perhaps due to inadequate dissemination of information on the roster in certain regions. MALAYSIA and INDIA noted an emerging consensus that some of the issues needed to be studied by groups of experts.

Delegates considered the activities of Parties included in Annex II related to transfer of technology (FCCC/SBSTA/1997/13) and the report on technology information centers (CRP.3). The US said the report demonstrates the extensive amount of work underway, but noted that many countries cannot provide the information required by the guidelines. The EU called upon non-Annex I countries to report on their technology needs and, with MALAYSIA, supported the Secretariat's proposal to revise the guidelines. SRI LANKA said that SBSTA's actions should reflect the spirit of language adopted at UNGASS on transfer of environmentally sound technology.

Delegates also discussed a progress report on the development and transfer of technologies (FCCC/SBSTA/1997/10); a technical paper on adaptation technologies (FCCC/TP/1997/3) and a Climate Technology Initiative (CTI) survey of information centers.

JAPAN highlighted recent CTI national and regional workshops and, with the EU, noted the need to make the best use of existing institutions and programmes. The EU also stressed the importance of the technological needs survey for non-Annex I Parties and urged Annex I Parties to provide information on any related surveys.

Some developing countries described difficulties in identifying adaptation technology and responding to questionnaires and surveys. They said it was difficult to identify their own technological needs and suggested a study. INDIA described its recent technological advances, including electronic networking systems and regional research centers. MALAYSIA said the Secretariat should promote decision-making tools and develop a technology information center. The US said technology is key to solving the climate change threat and creating the right investment climate to attract financing is critical to resolving the technology transfer issue.

On methodologies, the Chair noted that the AGBM had requested recommendations for estimating emissions and sinks and using Greenhouse Warming Potentials (GWPs). He suggested that the Secretariat draft a text based on previous SBSTA decisions and conclusions. The US proposed focusing on uncertainties in sources and sinks. He said the consideration of GWPs should include their technical and legal legitimacy and which time horizon to use.

The Secretariat introduced the document on methodological issues (FCCC/SBSTA/1997/9) and a technical paper on temperature adjustments and Parties' actions (FCCC/TP/1997/2). The EU said individual Parties should choose whether and how to apply adjustments, but should describe their approaches in detail. Parties should report inventories without adjustments. The US said careful construction of baselines and targets compensates for temperature and other fluctuations. Multi-year averaging compensates for short-term fluctuations and requires no adjustments.

TANZANIA presented a draft decision that calls on SBSTA to identify gaps developing countries face in research and development of methodologies, monitoring and assessment capacity, and observational networks. It calls on SBI to eliminate the gaps and provide financial and technical support.

IN THE CORRIDORS

Great expectations filled the corridors as participants in Bonn looked forward to an announcement Wednesday by US President Bill Clinton, signaling his administration's opening bid in the negotiation of a binding target for the AGBM. There was some agreement that President Clinton has already succeeded in installing a significant amount of political insulation to protect himself from detractors - whether from the environmental or industry lobbies. The President has worked hard and fast to create a climate of opinion in which both the press and the public in the US have warmed to the idea of an international agreement. At the same time his administration has successfully dampened expectations among environmentalists by circulating memos and options which suggest that anything beyond stabilization targets will represent a gain - not least by the President himself. Meanwhile, the G-77/CHINA reached agreement on its counterbid. The Group is expected to propose gas-by-gas reduction targets for three periods beginning in 2010.

THINGS TO LOOK FOR TODAY

AGBM: AGBM will meet at 10:00 am in the Grosser Saal
BRIEFING: The Chair of the AGBM will give a briefing on the work of AGBM at 2:30 pm in the Grosser Saal.

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, October 1997.

All Eyes on Clinton

Six months ago, President Clinton told delegates at the Earth Summit meeting in Rio that he would work to educate the American public about global warming to obtain sufficient support for a strong treaty. The President has been busy for the last several months hosting Nobel Laureate scientists at the White House, touring the country and enlisting his Cabinet in convincing the public that global warming is a serious threat for Americans and that concrete solutions exist to cut emissions now. The President's words on this subject have been inspiring as he has outlined the potential catastrophes for future generations and committed himself to US leadership in the fight against the threat of climatic destabilization. It remains to be seen if his courage and leadership matches up to his rhetoric. The fossil fuel industry's paid and very vocal advertising campaign has been heard loud and clear by the Administration.

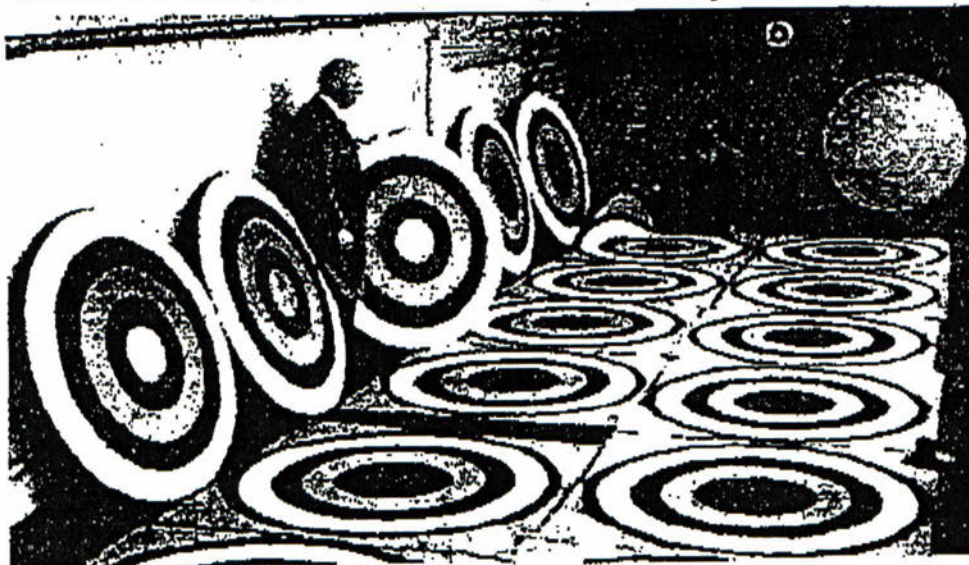
Perhaps less hysterical but more fundamental has been the response of the American public which is awakening to this problem. Here are a few examples:

- A recent national survey conducted by WWF US indicated that 72% of the American public supports an international agreement to reduce CO₂ emissions by 20% by the year 2005. Americans believe that politicians who speak out on this issue are forward thinking. In a second survey released today in Washington, 71% of Americans believe that the United States and other industrialized countries of the world should agree to reduce CO₂ emissions irrespective of what the developing countries do. A mere 6% believe the US should do nothing to curb its carbon emissions.
- There have been eight town meetings around the country where voters have come

to learn more about the science of climate change and possible policies that could prevent this threat. Approximately 1600 citizens attended these events.

- In June 1997, 2,700 scientists issued the Scientists' Statement on Global Climatic Disruption which calls for immediate reductions in greenhouse gas emissions. In September, another group of scientists issued a Call To Action which urged all government leaders to demonstrate a new commitment to protecting the global environment for future generations. Signatories included 92 Nobel Laureates from around the world.
- In March 1997, 2,500 economists issued the Economists' Statement on Climate Change which states that market-based mechanisms can be used to reduce emissions without harming the US economy.
- 20,000 Methodists from across the US signed a petition urging President Clinton to take leadership in the world community and cut emissions substantially in an early timeframe.
- Two representatives from the Alliance for Small Island States (AOSIS) toured all the way down the East Coast of the United States to educate US coastal communities about the risks of sea-level rise. They spoke in many communities ranging from Boston to Fort Lauderdale and met with every editorial board in the region.

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C O N F E R E N C E R E P O R T S

SBI Tuesday morning

Tuesday's session picked up on the previous day's discussion on AJJ. Once again, developing countries like Sri Lanka and India opposed the use of AJJ at this stage, arguing for a comprehensive assessment after the completion of the pilot phase. India mentioned that AJJ should "mature" before being fully implemented - a wise idea that should perhaps apply to other features of the Chairman's negotiating text... In addition, Sri Lanka specifically opposed the inclusion of additionality as an element of AJJ.

The discussion then proceeded to the paramount and yet "uncontroversial" issue of Annex 1 second national communications. After a self-congratulatory note on the quality improvements of the communications thus far submitted - barely half of those due, as if this didn't matter, Annex 1 parties did express some, diplomatic-style, going nowhere concern with delays in submissions and reporting "gaps". Of course several non-Annex 1 countries took the opportunity of highlighting Annex 1 countries' poor record regarding the overall quantity and quality of the communications. On a positive note, the discussion on this item ended with Uruguay reporting that it had just submitted its first national communication.

The Chairman then took the parties on a financial ride, only for a general conclusion that it was too soon for any decision on GEF's permanent status as the financial mechanism of the FCCC.

Controversy was yet to come to the floor. In fact, the discussion of proposed amendments to the Convention got most Parties to, once again, voice their disapproval of Turkey's pledge - via Pakistan - to be withdrawn from Annexes 1 and 2 of the Convention. The morning drew to a close with an unproductive discussion on an EU proposal that a Protocol be adopted by 3/4 of the parties.

SBSTA Tuesday p.m.

The second gathering of SBSTA-7 ended with a flurry of excitement yesterday afternoon, when AGBM Chair Estrada issued a last minute plea when he realized that the AGBM needed SBSTA's guidance on two methodological issues critical to the protocol negotiations: (1) Methodology for estimating sources and sinks; (2) Methodology for estimating the Global Warming Potential (GWPs) of greenhouse gases. SBSTA's Chair directed the Secretariat to provide a draft discussion paper on these two issues by the close of the day on Thursday, with SBSTA delegates to undertake this assignment at its meeting on Friday, with

the potential for additional discussions early next week as well.

Prior to this bit of pre-AGBM excitement, SBSTA had been plodding along through its difficult afternoon agenda, including another installment in the continuing saga of how to make better use of its ever increasing Roster of Experts, its program of work on Technology Transfer, along with methodological issues related to the issue of GHG inventories and temperature fluctuations.

To begin the latest discussion of the Roster of Experts, the Secretariat presented a report on the current composition of the Roster, its use thus far, and problems that have been encountered. The present Roster is composed of 312 nominees from 44 Parties, who have been used only sparingly thus far, including the production of three reports, review of technical papers, and as advisors to the Secretariat. The Secretariat gave high marks to the Roster as a whole, particularly with the quality of its assistance, but noted several procedural shortcomings, principally centering around securing participation from Roster members and the problems that created in maintaining balance within specific meetings. The Secretariat also noted that many parties had failed to submit nominations for the Roster, and there was a lack of balance in several disciplines as a result.

Several parties bemoaned the lack of progress being made by SBSTA, and pointed to the failure to make proper use of the ITAP as the reason. The EU put forth a proposal that called for a more structured approach in the use of the Roster, including the establishing of small working groups to prepare technical documents for SBSTA and annual reporting of such groups back to SBSTA. While the EU was favorably received in principle by most parties, but the US discounted the notion that the Roster was a significant source of SBSTA's ills, and asserted that SBSTA has insufficient experience with the Roster to issue a decision at this time. The developing countries repeatedly pointed to the lack of Roster members from developing countries for many disciplines, and demanded that the Roster remain a dynamic body and should remain open for additional nominations. After considerable discussion on the issue, the Chair suggested that a "friendly" non-group of the parties who had expressed the most interest (Zimbabwe, Malaysia, India, US, Canada, and the Netherlands) be convened to discuss the issue further, and to report back to the plenary during its Friday session.

Moving on to technology transfer, the Sec-

retariat presented a report outlining the reporting of the sharing of adaptation technology, the establishment of technology information centers, and a survey of technology needs. With regard to the survey, several countries, including the EU, US, and Malaysia noted that the reporting format and guidelines were confusing and in need of review. In the discussion of adaptation technology and information centers, many developing country parties repeatedly noted the difficulty in obtaining information from a myriad of sources, calling for the creation of new mechanisms for disseminating technological information, either through the creation of international information centers specialized in a particular technological area, or through the creation of a information clearinghouse, patterned on the Global Clearinghouse mechanisms of the Convention on Biological Diversity.

Turning back to methodological issues, the Secretariat presented a technical paper on GHG inventories and temperature adjustments. In discussion truncated by the request by AGBM, the EU and the US took opposite approaches to the issue, with the EU stating that it should be left up to individual parties to make appropriate adjustment, provided a detailed description of the basis for such an adjustment, while the US contended that, that the only appropriate way to deal with such fluctuations would be through a careful construction of the baseline, allowing for multi-year (3 or 5) averaging of the baseline to eliminate the effect of such fluctuations. In a broader methodological discussion, the G-77 and China, expressing concern over the lack of progress in the implementation of Articles 5 & 6, tabled a draft decision calling for SBSTA to identify gaps developing countries face both in the preparation of GHG inventories and the assessment of climate change impacts, and to develop modalities for addressing these gaps

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The South is Acting

by Atiq Rahman, BCAS and Francis Yamba, CNA

The Third Conference of the Parties of the UNFCCC to be held in Kyoto in December 1997 offers one of the greatest challenges and also an enormous opportunity to take some necessary, practical and tangible steps to reduce the threat of global climate change. Leading participants in the global negotiations have described COP3 as the most important environmental meeting since UNCED in Rio in 1992. Global scientists and the expert community have called for a 20% cut in GHG emissions by 2010 from 1990 levels, the reality is that over the five years since Rio there has been over 12% increase.

One of the critical issues stalling progress of the climate change negotiations is the perception that developing countries will become the major contributor of GHG emissions in the future, sometime during the period 2020-2050. "So they must undertake commitments" cry some of the obstructionists to the Kyoto negotiations.

While most others demand that those who committed themselves under UNFCCC and are mainly responsible (i.e. Annex 1 or industrialised countries) must commit themselves to sig-

nificant voluntary steps to integrate climate change and GHG reduction first. "Most developing countries are already taking significant voluntary steps to integrate climate change and a GHG reduction" said the leader of a key developing country delegation recently. "Such a call (for developing countries to undertake commitment) at this point is a deviation tactic. It is also a violation of both the UNFCCC and the COP1 decision, i.e. AGBM. This not helpful at all."

Further, the fear for jobs is not an issue, as many new jobs will be created from opportunities arising from a decarbonised economy. For example, the work force at Solarex, a solar energy related company in Maryland, USA, has doubled.

There are thousands of examples in developing countries that demonstrate carbon reduction achieved as a consequence of well thought activities having both developmental and global environmental benefits. Three recent initiatives testify to the fact that most developing countries are undertaking actions which show their serious commitment to reducing GHGs under different development and market reform programmes.

The first initiative is the case of China which accounts for 12% of total world energy related

CO₂ emissions, second only to the USA. It is reported that the most important significant carbon savings occurred over the past decade. Although annual carbon emissions grew by 228MtC between 1980 and 1990, emissions would have been 155MtC higher in 1990 without the energy efficiency gains achieved over this period.

It has also been reported that India, Mexico, South Africa, Saudi Arabia and Brazil, all of which also rank among the top 25 countries for industrial CO₂ emissions, have cut fossil fuel subsidies significantly. An additional 19.5 MtC in savings should result from fuel price reforms on petroleum products in China over the same period time period.

Equally, Africa is addressing the issues of deforestation through adoption of various measures which include household energy fuel switching, from traditional stoves using charcoal and woodfuel to more efficient stoves using electricity and biomass based fuels. This is important as it contributes to carbon sequestration by preserving more trees. At the same time industries are embarking on energy efficiency and conservation measures to attain competitiveness in view of liberalised and globalised trade.

Sinks, the net and basket approaches

John Lanchbery, VERTIC and Bill Hare, Greenpeace International

Embedded in the Chair's text for the AGBM are the twin assumptions that it will be possible to monitor and verify compliance with commitments based on a basket of gases and on the uptake of carbon dioxide by sinks. These assumptions are wrong.

The accuracy with which emissions can be estimated depends not upon the type of gas but upon its source or, more precisely, upon the activity associated with the source. Some sources of emissions can be monitored fairly accurately.

Others cannot. Emissions of carbon dioxide from fossil fuel burning can, for example, be measured far more accurately than carbon dioxide emissions from almost all sources (and sinks) in the agriculture and forestry sectors. (All carbon dioxide sinks are in the IPCC land use change and forestry sector).

Logically it makes no sense to have a basket of gases. Far better to have a basket of sources that are measurable with reasonable accuracy. It makes no sense whatsoever to include sinks. None can be estimated with anywhere near reasonable accuracy.

The IPCC methodology for sinks is still developing, as they tell everyone in their reporting guidelines. It is likely to be a very long

time before the guidelines are well developed. (The New Zealand approach is little better in terms of accuracy, if at all, although it is peculiarly well suited to the national circumstances of New Zealand and some other states but, alas, not to Australia.)

All Parties want a protocol with which compliance can be assessed. Some also want a protocol with emissions trading, JI, banking and borrowing.

The success of all of these depends on the accurate estimation of emissions. All will be ruled out by the ill-considered pursuit of the net approach and an indiscriminate basket of gases, rather than a well thought-out basket of emission sources.

The right signal

Delia Villagrasa, CNE

A conference was held last week in Bonn, organised by Climate Network Europe, Germanwatch and Globe, at which European ministers present strongly re-endorsed the EU protocol targets and confirmed their commitment to the Berlin Mandate, outlining the careful research and evaluation which had gone into the elaboration of the target to ensure its feasibility and reality. The audience of 350 (parliamentarians from thirty countries, NGOs, scientists, media, academia and industry) greeted the strong ministerial statements with sustained applause. This provides a strong signal to Japan for a stronger proposal than the preliminary one voiced last week, as well as to the US, which will announce its target today.



Trainee diplomats try their hand at changing the world

CLIMATE NEGOTIATIONS BONN OCTOBER '97 NGO NEWSLETTER

All Eyes on Clinton, from front page

- On October 6, 1997, President Clinton hosted a White House Conference on Climate Change in Washington, DC which was broadcast by satellite to 30 cities across the country. Approximately 4,500 Americans attended local events and discussed their response to the President's remarks with experts.
- Hundreds of physicians signed a statement of social responsibility that highlighted the health risks associated with global climate change.
- Over 200 public interest organizations from Texas to New Jersey have sent the President letters urging him to take action in response to the problems presented by scientific experts.
- Every major student environmental coalition in the country sent a letter to the President requesting immediate reductions in the emissions of greenhouse gases. They also requested that he adopt binding emissions reductions by 2005.
- 250 business, environmental, consumer and energy policy organizations organized by the Sustainable Energy Coalition sent a letter to the President stating that the US must assume a leadership role in negotiating an international agreement to set legally binding targets for substantial reductions of greenhouse gases by early in the next century.
- Over 40 Members of the House of Representatives have co-sponsored a resolution calling for significant cuts in emissions by 2005 below 1990 levels.
- Five non-profit research organizations published "Energy Innovations" which demonstrated how the US can substantially reduce greenhouse gas emissions by 10% by 2010 and create 800,000 new jobs.
- Study released by the Tellus Institute today which demonstrates how the US can achieve reductions of 10% by 2005 and 21% by 2010 again with net benefits to the economy.
- Hundreds of meteorologists from TV stations around the country attended a White House briefing on global climate change and reported the latest science on their stations.
- Thousands of scientists are actively educating the media in their home towns to better inform the public about the state of science.
- Dozens of American cities and counties are participating in the ICLEI initiative on Cities for Climate Protection, including Chicago, Los Angeles and Denver.
- The State of Oregon has adopted the first state-based legislation to reduce their emissions of carbon dioxide.
- Major US businesses are expected to release a Business Climate Challenge this week.

As a result, editorial boards of most US newspapers have spoken. Following is some of their commentary:

"Stronger leadership is warranted." — Miami Herald, October 9, 1997

"President Clinton must take a leadership role in what should be a world-wide effort to reduce harmful gas emissions into the atmosphere." — Orlando Sentinel, September 30, 1997

"Far more dramatic steps are needed to turn down the heat, but Clinton and Co. can't seem to cobble up the courage." — Minneapolis Star Tribune, October 18, 1997

"Developing nations are already making anti-pollution efforts, according to their needs, and would be prompted to do more if the industrialized nations set an example." — Keene New Hampshire Sentinel, September 26, 1997

"Good intentions are not enough. . . Other industrialized nations are owning up." — San Francisco Chronicle, October 17, 1997

"The Administration needs to resist forces in industry that want to make reductions voluntary." — Boston Globe, October 5, 1997

"This country, which produces 19% of global emissions with just 5% of the world's population has an obligation to lead, if not to the rest of the world, than to future generations of Americans." The Times Record, Brunswick, Maine, September 11, 1997

And, that's just the beginning.

2005 – The Case for Early Action

Kelly Sims, Ozone Action, Delia Villagrana, Climate Network Europe

Reading the Chairman's document carefully, one fails to find the target year, 2005, as a first legally binding stepping stone to protect us from the threat of climatic disruption. Of course, early reductions must be substantial in order to be effective, i.e. the AOSIS proposal of 20% below 1990 levels by 2005. All countries will be judged upon whether they set an early and strong target for emissions reductions.

Economically, postponing emissions reductions is an investment in yesterday's fossil fuel dependent technology. Conversely, an early target spurs significant investment in less carbon-intensive technologies and prohibits investment in capital stock that might have to be retired prematurely. Energy consumption will be 61% higher in the developing world in 2010 than today. With a booming world market for energy efficient technologies, early and substantial investment will almost certainly provide sound returns for those countries who make the right investments. Early action also

provides a culture of solutions. Once experience has been gained, lessons can be learned about what works.

Of course, climate change itself could be very expensive. For example, the cost of defending the present coastline of the United States against a one meter sea-level rise would be at least \$500 billion. Without early action, sudden and stringent emissions reductions in the future would harm the economy.

Early reductions help to minimize the impacts of climatic disruption. An early target is much like an insurance policy; early reductions will maximize future generations' flexibility to avert climate change.

It is the rate of climate change that will have the most impact on ecological systems. For example, the IPCC stated that with an expected warming of between 0.1-0.35 C, most forest species would have to migrate 1.5-5.5 km towards the poles each year in order to remain within similar climatic conditions. Another reason for precaution is that the climate system does not behave in a linear fashion. As

with all complex natural systems, the climate appears to have certain thresholds before it makes a drastic change. These thresholds may be unpleasant "surprises", much like the ozone hole was back in 1985.

This is at heart a moral question because these changes will be felt in the future and by those least able to adapt to global warming. The Intergovernmental Panel on Climate Change (IPCC) states that to stabilize the climate at current concentrations of greenhouse gases, emissions would have to be reduced by 50-70%. We must get down to business. Once we reach the point of major climatic disruption and its consequent impacts, it will be too late to reverse the damages.

THANKS

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23 October 1997

Memorandum

To: Please See the Attached List

From: USDEL/Bonn - Mark G. Hambley

Subject: Climate Change Talks, Update No. 4: Activities for October 22/23, 1997

This is one of a series of unofficial and informal reports covering meetings and activities related to the meetings of the Ad Hoc Working Group of the Berlin Mandate (AGBM-8), the Subsidiary Body on Implementation (SBI), and the Subsidiary Body on Scientific and Technological Advice (SBSTA) which are meeting in Bonn between October 20-31, 1997. This report covers activities from the afternoon sessions on Oct 22 through the morning meetings on Oct 23. An additional report on the first meeting of the SBI prepared by USDA's Carol Whitman is also included, as are the latest issues of ECO and the "Earth Negotiations Bulletin." Although the contents are unclassified, they are not intended for attribution or for use outside the U.S. Government. The final paragraphs of this report can be used as a submission to the Daily Activities Report (DAR) as desired or appropriate.

Climate Changes Talks, Update No. 4: U.S. Position Criticized as QELROS Discussion Starts**U.S. Position on Targets and Timetables "the Talk of the Town"**

We loved the President's speech which struck us as an incredibly bold initiative. Our congratulations to all those involved. The event was carried here live on CNN, along with the hour long analysis and "Q & A" program which followed it.

Not surprisingly, the reaction among many negotiators in Bonn has been somber, bordering on hostile in certain quarters. In our formal presentation of our position at the QELROS non-group this morning, we attempted to mute the criticisms we are hearing and to refocus attention on the key issues involved. It will be some time before these points are digested, however, with concern that they may not be.

Although the Chair would not permit any overt reaction to our proposal at this meeting (a position we agreed with), India did manage to question why we should even be discussing a protocol in view of the low targets suggested by "some Parties." Zimbabwe was prevented from making its views public, but in private Mrs. Karamanzira expressed deep disappointment at both our starting date (2008 to 2012) and what she views as the weakness of our commitment (stabilization).

These views are currently making the rounds of the various coffee klatches and regional group meetings. We do not as yet have an official EU reaction (they will have to "coordinate" a common or joint position), but the individual comments we have received have been anything but encouraging. One mid-level German delegate who listened to the President's announcement with a USDEL member was reported to have turned ashen, and almost coming down with a classic case of vapors, muttered that the U.S. has "just destroyed this negotiation."

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Other EU members have been more temperate in their initial remarks. Reflecting PM Blair's good conversation with the President on this topic, the head of the UK delegation indicated that Blair wants to be helpful. However, this seasoned negotiator indicated that we all face a stiff uphill climb -- both because of the differing U.S. and EU positions and the latest onslaught by the G-77/China with their extravagant proposal announced yesterday (Update 3).

Thus far, the reaction among JUSCANZ members has also been somewhat muted. During a Q & A session following our summary of the proposal on October 23rd, hostile or negative questions were raised by Switzerland (naturally) and Norway. Only Australia (which also had some pointed observations to make) spoke favorably about the proposal, noting that it introduces a sense of reality into these negotiations. Canada remained silent. New Zealand told us they liked the statement but have not yet received any reaction from Wellington. And Japan. Yes, Japan. In the pugnacious manner which is his preferred style, Ambassador Tanabe asked if our position is one of flexibility or if it is a "take it or leave it proposition? If it is the latter, he continued, then we all might as well pack our tents and return home, for we will be in the "OK Corral." We turned his question aside with aplomb.

Reactions among NGOs has been predictably sharply critical. Although the main article in ECO on this topic is somewhat small in scale (considering the truly banner headlines which in the past have accompanied attacks on Japan), the tone was anything but muted. ECO described the President's statement as a "floundering announcement of a weak stabilization target, conditional on meaningful participation by key developing countries. ECO concludes that the U.S. has abdicated its position of leadership on this topic. At a press conference this morning, held by the Climate Action Network, criticism was even more caustic. Among the critics were Jennifer Morgan from CAN/USA and Bill Hare from Greenpeace.

Over the next two days, we will be receiving far more detailed reactions and readouts as Messrs. Sandalow and Forrister enter the fray and meet with Chairman Estrada, leading delegations, and our business and environmental NGOs.

QELROS and Article 4.1 Non-Groups Meet: Procedural Controversy Arises

Following our presentation at the morning QELROS session, both this non-group and the non-group on Article 4.1 began their deliberations. Prospects are not good for much rapid movement in the former due to a spat between the Chair and the G-77 over a procedural issue. Chairman Estrada, in an attempt to ease the workload on QELROS Chairman, Gylvan Mcira, announced at a meeting of his consultative council (both the COP and AGBM Bureaus plus a few outsiders such as the reporting officer) that he was dividing the QELROS portions of the text into two portions. One, dealing with technical issues will be chaired by Gylvan. The second, dealing with more "policy oriented" areas (such as trading) will be chaired by Swedish Ambassador Bo Kjellen. Although they said nothing at this meeting, at the opening of the Oct 23 session, India, Saudi Arabia, China, and the G-77 all condemned this manner of proceeding and made strong hints that their cooperation will be limited.

Meanwhile, Article 4.1 discussions proceeded quite slowly. Evans-King of Trinidad/Tobago, who is chairing this group, suggested that the US, EU, and G-77 meet for four hours late tonight to try to sort out an agreed text. We think such an arrangement, done so much in private at this early stage of the proceedings may be a tactical error and are endeavoring to convince Evans-King to postpone until the weekend.

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Dr. Carol Whitman
SBI-7, 1st Meeting, October 20, 1997, 10:00-1300
Beethoven Halle, Bonn

Jose Romero, SBI Vice-Chair (Switzerland), opened the session with a report from Executive Secretary Michael Zammit-Cutajar. Mr. Cutajar reminded the SBI of its task of drafting decisions for adoption by COP-3. He flagged three items of concern: (1) the need of developing countries for support in developing their initial national communications; (2) late payment to the secretariat by Parties (23 percent of contributions for 1996 and 1997 remain outstanding); and (3) the trust fund for participation is \$550,000 is short for Kyoto. He also noted the planned co-location of the secretariat of the Convention to Combat Desertification with the Climate Change secretariat. The USA asked for a list of the contributions that remain outstanding for consideration by the SBI. The agenda was adopted and several IOs and NGOs were granted provisional observer status.

The Chair indicated his intention of establishing contact groups on the financial mechanism (to be chaired by John Ashe, Antigua-Barbados), non-Annex I national communications (to be chaired by Mr. Dan Reifsnnyder, USA, and Mr. Kok Kee Chow, Malaysia), JI/AIJ, and technology transfer. The secretariat presented its progress report on communications by non-Annex I Parties (FCCC/SBI/1997/INF.3). He began the discussion of communications from Parties not included in Annex I by inviting Brazil to report the conclusions of the September workshop on the preparation of national communications in the Latin American region, including the need for institutional capacity building and inventory methodologies specific to Latin American circumstances. The Chair then indicated that 2/3 of non-Annex I Parties are working on GHG inventories, with 1/3 ready to prepare project documents. The EU noted its proposal for a review process. Senegal, Zimbabwe, Chile, Nigeria, Mauritius, and the Congo indicated their communications were in preparation and would be submitted within the next year. Zimbabwe remarked on the African region's difficulty in accessing the world wide web, and the continued need for written material.

The Chair went on to consider Activities Implemented Jointly (AIJ), establishing a contact group to be chaired by Mr. Diego Malpede (Argentina) that would prepare recommendations for both SBI and SBSTA. The USA stated its views on AIJ, proposing that the SBI recommend to COP-3 that Parties should be able to take credit for AIJ in the post 2000 period, consistent with methodologies to be agreed upon. Luxembourg (EU), Brazil, Malaysia, China, Saudi Arabia and Zimbabwe cautioned that the pilot phase must be completed prior to a decision on credit, complained of the dearth of projects and their inequitable geographic distribution. Canada pointed out that AIJ activities increase technology transfer and benefit host countries. They noted that the lack of projects and methodologies were due to a lack of incentives to the private sector (e.g., credit). Last, the Chair took up technology transfer. The USA read a draft decision requesting the secretariat continue acquiring and disseminating information on technology and needs, and government and private sector activities, and urge Parties to promote market-based policies.

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**The U.S. Position on Targets and Timetables
The U.S. Intervention to the Non-Group
on Quantified Emissions Limitation and Reduction Objectives
October 23, 1997**

Thank you Mr. Chairman.

On June 26 of this year, at the Special Session of the United Nations General Assembly in New York, President Clinton outlined the importance which the United States attaches to the problem of global warming, calling it one of the greatest challenges facing the globe in coming decades. Acknowledging the compelling importance of the science, the President also noted the significant contribution made by the United States to this problem. He undertook to personally engage the American public on this issue and to pronounce an aggressive program to reach an outcome in Kyoto based on objectives which are realistic and achievable. This is what the President promised in June. And he has delivered on that promise.

In terms of public education, the President took the lead to hold a series of meetings and symposia at the White House or under White House auspices which brought together renowned scientists, meteorologists, economists, academics, NGOs, and leaders of commerce, industry and labor in a nearly unprecedented effort to inform, listen, and urge a vast sampling of U.S. public opinion on the threats of global warming and of the opportunities and challenges which this critical problem provides. There is little doubt that, although some television announcers may still have trouble pronouncing global warming, this is a problem whose seriousness has been awakened anew in much of the American public.

This is no trivial matter. As the President has repeatedly reported, the United States -- while producing over 22 percent of the world's wealth, also produces about a quarter of its greenhouse gas emissions. This is a trend which must be stopped, but stopped in a way in which economic considerations are balanced with environmental priorities.

I am sure that many of you are aware that last night, local time, the President of the United States made one of the most significant speeches on the climate change issue -- and perhaps on any issue in the pantheon of international affairs -- of our era. President Clinton's speech marked the beginning of a globally more aggressive effort to combat the threat of climate change. His speech also marked the beginning of a new effort to undertake realistic and achievable -- yet aggressive -- efforts to reduce greenhouse gas emissions. Make no mistake about it: the enormous capacity of the United States has, with this extraordinary commitment, been channeled to combating the threat of climate change.

Let me review for you some of the specifics of our proposal. Through a flexible, market based and cost-effective approach, we are committed to an agreement which includes three elements:

- First: we commit to a binding and realistic target of returning emissions to 1990 levels in a budget period between 2008 and 2012. We will commit to reducing net emissions of all GHG below 1990 levels in the five year period thereafter (between 2013 and 2018) -- and will work for further reductions in the years beyond that. Let me set this in context: in absolute levels of emissions reductions, this commitment is the equivalent of cutting almost 30 percent from our baseline -- in relative terms, a reduction greater than that proposed by the European Union. With our proposal to include all gases, including HFCs, PFCs and SF6, it becomes even larger and further highlights the aggressiveness of our approach compared to others. In actual tons of emissions reduced, we are proposing to cut more than 400 million metric tons annually from our budget -- more than the total emissions of most countries in the world. Historically, it will reverse an emissions growth trend that has been part of the U.S. economic and development pattern since the industrial revolution. Even during the oil shocks of the 1970's, our emissions did not stabilize -- yet in a period of less than a decade, we are proposing to restructure our concept of how to consider economic growth. We are proposing to redevelop our world around a new vision of sustainable development -- one that would

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delink the economy from greenhouse gas emissions, allowing the former to grow, while the latter shrinks.

- Second, the President proposed a series of flexible mechanisms for achieving legally binding limits. He called upon the world to recognize the enormous potential provided through such market mechanisms as emissions trading and joint implementation. As he made plain, these innovations will cut world-wide pollution and help developing countries protect their own environments without sacrifice to economic growth. The advantages of these mechanisms are patently obvious: economic analysis supports them, practical experience supports them, and to ensure that we hand a climate-friendly world to our children and grandchildren, we too should support them.
- Third, the President reiterated a call for both industrialized and developing countries to participate in meeting the challenge of climate change. He recognized that developed countries must lead — but insisted that developing countries also be engaged. Let me reiterate his view: "The United States will not assume binding obligations unless key developing nations meaningfully participate in this effort...a global problem such as climate change requires a global answer." His comments reflect the facts: if the entire industrialized world reduces emissions over the next several decades but emissions from developing countries continue to grow at their current pace, concentrations of greenhouse gases in the atmosphere will continue to climb. Developing countries have an opportunity to chart a different energy future -- consistent with their growth potential and their legitimate economic aspirations. We must see to it this alternative road is traveled; the present course surely leads to a climate disaster.

Unlike many other governments which announced emissions goals, President Clinton simultaneously announced a domestic program to meet this ambitious target. He proposed an unprecedented \$5 billion series of tax incentives and research and development investments to encourage energy efficiency and the use of cleaner energy. He proposed providing incentives for early action by the private sector, with credit for companies which show the way to a lower greenhouse gas future. He proposed the creation of a domestic market-based system for reducing emissions -- a system that will tie both our national efforts and the international program into a cost-effective global emissions market. He proposed "reinvigorating" the way the U.S. federal government (our nation's largest energy consumer) buys and uses energy. And, he proposed a bold new plan for electricity restructuring, which is anticipated both to reduce emissions and save on consumer energy costs.

Many here will undoubtedly criticize this plan as being insufficient. Last night, for example, I heard someone who sounded remarkably like a distinguished colleague in this room articulate his concerns on the CNN "Q & A" ("questions and answers") program that the U.S., with the great capacities acknowledged by the President, could not immediately move to reduce emissions in line with some of the other proposals currently before us. In fact, Mr. Chairman, as I have briefly outlined to our "non-group" this morning, we are moving in a way in which the capacities of the American people for technological innovation and economic enterprise will be immediately and intensively engaged to respond to the climate change challenge. The Berlin Mandate called upon nations to begin a process to enable appropriate action for the period beyond 2000. Our proposal not only begins the process -- it sets in motion a whole new paradigm through which the nations of the world can ultimately anticipate relief from the potential catastrophe of unchecked global warming. It is a first step -- but a first step which establishes a structure for additional steps to follow. We anticipate that the governments represented in this room will recognize this initiative for what it is: an extraordinary and constructive proposal that points the way to a success in Kyoto in December. We look forward to working with you all to make this vision a reality.

Mr. Chairman, it is clear that in light of the President's statement, we will have a number of changes to propose to the texts of the various articles to be considered in this non-group. We will address those during the course of our review of individual articles and paragraphs. Thank you, Mr. Chairman.

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AIJ Informal Contact Group

The U.S. proposed in its intervention in Monday's SBI that the Conference of Parties should: 1) decide that parties may take credits toward post-2000 emission limitations and reduction obligations, 2) adopt the Uniform Reporting Format, and 3) to continue methodological work through the SBSTA according to a work plan and timeline. A joint Informal Contact Group on Activities Implemented Jointly was convened by the chairs of SBSTA and SBI to consider proposals for COP3 on AIJ. The AIJ contact group is being co-chaired by Diego Malpede, Argentina and Yvo De Boer, Netherlands.

There were extended deliberations in three sessions (attended by more than 50 representatives of developed and developing countries) concerning the proposed contents of the *Draft Conclusions by SBI/SBSTA* and the *Recommended Draft Decisions for COP3* (to be included in a SBSTA/SBI document). As an outcome of the second session, several Parties were asked to draft text to be included in a revised decision, specifically on credits (U.S., Canada and Costa Rica) and a workplan and terms of reference for conducting a review of the pilot phase (Switzerland). The co-chairs and the Secretariat prepared a revised text for consideration at a session on Wednesday, October 22, which included the key points raised by the U.S.

Support for the U.S. position, and the co-chairs' revisions, came from Canada, Norway, Switzerland, and Japan. Vocal opposition to advancing the pilot phase, credits, developing a work plan on methodological issues, and establishing terms of reference came from China, Malaysia, Saudi Arabia, Philippines, Antigua and Barbuda, the EU, and Brazil (which was in support of credits after the pilot phase). Most of the comments in opposition to the text advanced were based on the view that not enough progress has been made in the pilot phase, that more experience is necessary, and that there is not enough diversity in the projects that have been reported to the Secretariat, although recent Secretariat reports do not support this perception.

When it became apparent that there was not going to be agreement on components of the Recommended Draft Decision for COP3, the co-chairs bracketed the entire text of the Draft Decision for COP3, and asked representatives to discuss the bracketed text within their respective delegations for further consideration at an as yet unscheduled session of the contact group.



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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 22 OCTOBER 1997

The *Ad Hoc* Group on the Berlin Mandate opened its eighth session (AGBM-8) on 22 October 1997. Delegates gave opening statements in a morning Plenary session. In the afternoon, a "non-group" meeting discussed policies and measures. The Chair of the AGBM held a briefing for observers. The Subsidiary Body for Implementation (SBI) discussed arrangements for intergovernmental meetings, administrative and financial matters, mechanisms for NGO consultations and legal matters.

AD HOC GROUP ON THE BERLIN MANDATE

AGBM Chair Raúl Estrada-Oyuela (Argentina) reminded delegates that only ten days remained for AGBM to complete its work. He said a "good dose" of willingness to enter into commitments is required, but noted he was not convinced that it is there in all sectors. He said it is not easy to understand statements that ignore the leadership commitment and real contributions made by developing countries. He noted that the proposals forming the basis for AGBM's work are well known. This last session should not repeat them, but make progress in the negotiations.

FCCC Executive Secretary Michael Zammit-Cutajar stated that equity should remain central to the Kyoto result. The globalizing world economy produces not only wealth but also inequality and social stress. Climate change adds a new factor, weighing most heavily on the poor and vulnerable that are least able to adapt. He noted that technological responses are emerging, but asked whether they would be available to developing countries without deliberate measures to stimulate technology transfer. He said leadership does not mean sacrifice but making the effort to change direction and take advantage of new opportunities.

TANZANIA, on behalf of the G-77/CHINA, said Parties stood at a defining moment and members of his group were ready to assume their differentiated responsibilities, in particular the existing commitments as set out in Article 4.1. He noted that there are to be no new commitments for non-Annex I countries and recalled his group's concerns about adoption of policies and measures that take into account impacts on developing countries. He identified unfulfilled commitments under Articles 4.3, 4.4, 4.5 and 4.7 as the stumbling blocks to advancement of existing developing country commitments. He tabled the G-77/CHINA position on QELROS, which proposes: time frames of 2005, 2010 and 2020; periodic review by the COP; return to 1990 emission levels by 2000; reductions in CO₂, CH₄, and N₂O by at least 7.5% of 1990 levels by 2005, by 15% by 2010, and by an additional 20% by 2020, thus leading to a total reduction of 35%, efforts to phase-out other GHGs including HFCs, PFCs and SF₆; achievement of

QELROs by domestic measures; minimizing adverse impacts on developing country Parties and a Compensation Fund; and a Clean Development Fund to assist developing country Parties, funded by contributions from Annex I Parties found to be in non-compliance with their QELROs.

JAPAN called on all Parties to exercise flexibility in their QELROs proposals and elaborated on the Japanese proposal intended to accommodate divergent views. The proposal is for a 5% base reduction rate for deciding a target for each Annex I country, with target periods of 2008 and 2012. It covers CO₂, CH₄, and N₂O. Individual country targets are differentiated by emissions per GDP, emissions per capita and population growth. It also provides for emissions trading and joint implementation. On developing countries, the proposal provides for enhanced efforts through the elaboration of existing commitments and urges more advanced developing countries to assume voluntary commitments. A new process to further discuss commitments by all Parties is proposed for after Kyoto.

LUXEMBOURG, on behalf of the EU, indicated concerns about references in the Chair's negotiating text to policies and measures and to advancing the implementation of Article 4.1 and associated financial provisions. He called for the inclusion of a Convention objective expressed in quantitative terms and a well-defined compliance regime. He noted that the European Commission had produced a document to demonstrate the feasibility of the EU reduction targets of at least 7.5% and 15% below 1990 levels by 2005 and 2010 respectively. The UK, also on behalf of the EU, outlined an explanation of the EU's joint or "bubble" approach to emissions obligations and offered text for insertion into the Chair's negotiating draft. He explained that, for example, the EU-proposed target of 15% reductions would be met jointly, with member states opting for joint implementation. These states would inform the Secretariat of the terms of the agreement for joint implementation five years before the expiry of the target period, with each declaring its share of the overall contribution to reductions. There would also be provision for amending or rescinding a burden-sharing agreement and for dealing with any failure to meet the total target.

SAMOA, for AOSIS, supported the G77/China statement and said all proposals remain on the table, including that of AOSIS. He expressed deep disappointment with Japan's proposals, whose flexibility would render the small effort non-legally binding. He supported the draft article that would permit Parties to assume commitments voluntarily.

ZIMBABWE, for the African group, emphasized per capita emissions as a basis of attaining equity. She called a 15% target by 2010 a minimum and demanded leadership from Annex I Parties, especially Japan and the US. She said a penalty clause for failure to

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meet targets is a necessary incentive. Reliable, predictable means are necessary to advance implementation of existing commitments under Article 4.1.

The US was extremely disappointed that the Chair's text omits its proposal that all Parties adopt quantified GHG emissions obligations by 2005. Kyoto should be part of a rolling series of negotiations and will be unacceptable if it fails to initiate a process that recognizes the global nature of the problem.

The RUSSIAN FEDERATION stressed maintaining the balance of interests, including those of countries with economies in transition. ICELAND pointed to differentiated emission objectives and the need to take account of differences in starting points, economies and resource bases.

Chair Estrada introduced a consolidated negotiating text (FCCC/AGBM/1997/7) that he hoped would serve as a basis for the completion of a protocol or another legal instrument. He said he had prepared the document based on proposals that had been submitted, AGBM-7 outcomes and informal consultations with Parties. He indicated that he had sought to streamline and address key aspects of current proposals. He noted that very few brackets appeared in the text, mainly on single-year targets or budget periods, flat rates, emissions credits and two alternatives on the governing body of the Protocol. He said Annexes I and II had been used as categories for countries.

The Business and Industry NGOs said that business and industry play a unique role in the implementation of FCCC. He said many business and industry members supported a variety of voluntary national and international initiatives that play a key role in limiting GHG emissions.

The US and European Business Councils for a Sustainable Energy Future said that the benefits of sustainable energy innovation are not only relevant to climate protection but also to employment, environmental and social policies, geopolitical stability and the national interest of fuel importing countries.

The Climate Action Network said that Japan, and possibly the US, were making proposals for targets and timetables that were ten-year extensions of existing commitments. She indicated that Japan's proposal only succeeds in lowering the overall level of negotiations by shifting the balance in favor of the weakest positions. The International Council for Local Environmental Initiatives (ICLEI) reported on examples of four successful local action plans to reduce GHG emissions and said participating cities were proceeding at a more rapid rate than their national governments.

NON-GROUP ON POLICIES AND MEASURES

The non-group on policies and measures (P&Ms) met in the afternoon and discussed the article on P&Ms contained in the consolidated negotiating text (FCCC/AGBM/1997/7). Proposed amendments put forth by two groups of countries met objection. One group proposed deleting a reference to an article on voluntary commitments by non-Annex I countries and suggested that P&Ms be adopted and implemented by Parties to achieve their QELROs. The other group, *inter alia*, proposed that a process be instituted to develop guidelines for modalities of coordination and cooperation for the implementation of P&Ms. It also proposed developing common performance indicators for P&Ms.

There was a discussion on whether the implementation of P&Ms should take into account, mitigate or avoid adverse effects, as well as on the types of effects and who is affected. A contact group was established to discuss the aim of implementing policies and measures: whether to "assist" or to "achieve" fulfillment of commitments.

OBSERVER BRIEFING

Chair Estrada briefed AGBM observers on his efforts to produce a negotiating text and highlighted difficult areas. He said the primary motivation was to shorten the text. He noted that the

article on P&Ms presents a middle ground. He said the EU sought to include P&Ms, but JUSCANZ countries resisted. He noted that the article that includes QELROs still lacks definitions and that he tried to leave all options open. He highlighted other topics, such as emissions trading, joint implementation, and the Meeting of the Parties

One article, developed from AOSIS and Swiss proposals, would allow non-Annex I countries to assume commitments voluntarily. In the article on continuing to advance the implementation of FCCC Article 4.1 (existing commitments), Estrada underscored language stating that no new commitments shall be introduced for non-Annex I countries. In addition to Annexes, the protocol foresees an attachment, which would allow flexibility in case of differentiated commitments. On entry into force, his text requires combined criteria: both the number of Parties and the amount of carbon emissions.

SUBSIDIARY BODY FOR IMPLEMENTATION

On arrangements for meetings, FCCC Executive Secretary Michael Zammit-Cutajar said details were still pending for COP-3. Noting the organization of COP-3 (FCCC/CP/1997/1), he said a general debate had been added to the proposed agenda. With no offers to host COP-4 the meeting will be in Bonn in November 1998. CHINA and the G-77/CHINA objected to consideration of the review of adequacy of Articles 4.2(a) and (b) on the COP-3 agenda, recommending that the review occur at COP-4. The EU and US said it was appropriate that COP-3 consider the review. The G-77/CHINA proposed an agenda for the high-level segment and objected to a reference to the "so-called post-Kyoto process" with the aim of including non-Annex I Parties in commitments. The PHILIPPINES asked for clarification of the post-Kyoto process in the SBI report. Zammit-Cutajar said that the post-Kyoto process also denoted implementation of any protocol. The Vice-Chair suggested raising the issues at Sunday's Bureau meeting.

On administrative and financial matters (FCCC/SBI/1997/18, /INF.2 and /INF.7), the Secretariat noted cash flow problems arising from late contributions and a US\$500,000 shortfall in the COP-3 participation fund. The Vice-Chair will prepare a draft decision urging contributions and covering other matters.

Delegates agreed to continue discussing mechanisms for consultation with NGOs after the Vice-Chair said a decision was not possible. The EU proposed giving NGOs seats and speaking opportunities as in SBSTA. MALAYSIA said delegations did not have time for multiple forums. SWITZERLAND suggested expanding the list of constituencies in line with Agenda 21's major groups, and did not support a business consultative mechanism. CANADA proposed permitting more than one NGO intervention when appropriate.

IN THE CORRIDORS

Suspense over the long-awaited position of the US ended with President Clinton's announcement a few hours after Wednesday's meeting. He called for stabilization of GHG emissions at 1990 levels by 2008-2012 and reducing emissions after that. He also called upon developing countries to participate in a meaningful way. Even prior to the announcement, delegates could be heard criticizing elements of the proposal in the corridors. Some were later heard criticizing it on the air on CNN.

THINGS TO LOOK FOR TODAY

Non-groups: Non-groups on QELROs and Article 4.1 will meet at 10:00 am. The non-group on institutions and mechanisms is expected to meet at 3:00 pm.

SBSTA: SBSTA is scheduled to hold a joint meeting with the IPCC at 3:00 pm.

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, October 1997.

US Cedes Leadership Role

There were high hopes that President Clinton was finally going to take up the mantle of leadership to prevent global climate change and provide a lasting legacy. All hopes were dashed with his floundering announcement of a weak stabilization target, conditional on "meaningful" participation by key developing countries.

These negotiations began because of the Berlin Mandate, which stated that stabilization at 1990 levels was inadequate to prevent dangerous climatic change. In refusing to go beyond stabilization, Clinton's proposal violates the spirit and intent of the Berlin Mandate.

President Clinton stated that the risks posed by climate change were "unacceptable", yet the US proposal is completely inadequate to stabilize the climate at "acceptable" levels of greenhouse gases in the atmosphere. He outlined a remarkable number of technological options to reduce emissions that are readily available in the US, but must not have reflected on this potential for reductions in calculating his target.

Yesterday, over 150 countries rallied together to take a constructive and bold step forward in addressing this problem. This essential momentum risks being derailed by a thoroughly disappointing proposal. It also ignores the ever increasing groundswell of support displayed by the American public. Parties need to apply relentless pressure on the United States to improve its proposed negotiating position.

There are five basic elements to the President's vague proposal:

Target and Timetable: Return emissions to 1990 levels within the budget period 2008-2012, with no specific reductions planned thereafter.

Joint Implementation: No elaboration of this system.

Emissions trading: No elaboration of this system.

Developing Country Participation: Placed US acceptance of a legally binding target on "meaningful" participation of "key" developing countries.

Domestic Package To Curb Emissions Growth, intended to reduce emissions before 2008 through: tax cuts and R&D spending amounting to \$5 billion over the next five years; credit to industry who voluntarily act early; a domestic permit system; 20,000 solar panels on federal buildings; increased efficiency through liberalisation in the electric utility sector; expansion of existing energy savings technologies; and regular review of data and progress.

Unfortunately the largest polluter in the world has positioned itself as a recalcitrant Party in these negotiations.



Clinton caves in to cheese lobby

South Scoops US and Japan

In the early minutes of AGBM 8, while thoughts were focused on what President Clinton might announce for the United States, the G-77 and China presented a proposal for emissions cuts which may yet save the day for Kyoto. The core of the proposal must now form the basis of negotiations if Kyoto is to result in success.

G-77 and China are proposing the following for Annex I Parties:

- returning emissions of all greenhouse gases to 1990 levels by 2000;
- cuts in emissions of carbon dioxide, methane and nitrous oxide of at least 7.5% from 1990 levels by 2005;
- cuts of at least 15% in these gases by 2010;
- 35% reductions in emissions by 2020.

The G-77 and China are motivated by the fact that there are worrying signs that Annex I Parties are prepared to agree a weak Protocol with flexible mechanisms for low QELROs. In response, AOSIS and OPEC appear to have buried their differences with the result that nearly 150 countries effectively stand behind the EU proposal.

Environmental NGOs are united in applauding Tanzania for presenting a realistic and progressive plan for emission reductions which paves the way for combating climatic change

continued on back page, col. 1

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CONFERENCE REPORTS

AGBM Plenary, Wednesday a.m.

The Plenary opened with remarks from Chairman Estrada, who said that he hoped when the US proposal was announced last night that it would be for the reductions the international community was demanding. He made a plea for countries to broaden their vision and not simply defend positions they have already defended for two years.

Michael Zammit Cutajar, the Convention's Executive Secretary, called for a ratcheting of the Kyoto agreement to the highest feasible, and not to reduce it to the lowest common denominator. He stressed concern over vulnerable developing countries and pointed out that the will to transfer clean technologies to developing countries was needed. He said that developed countries should consign business-as-usual to the dustbin and called for significant action now.

Tanzania, on behalf of the G77 and China, announced their new proposal on QELROs, which mirrors the EU proposal, but calls for the percentage reductions to be for each of the three gases (CO₂, CH₄ and N₂O), rather than for the three gases measured as a basket (see front page for more details on this proposal).

Ambassador Tanabe of Japan said that time was not on our side and that all sides must exercise flexibility if we were to get a compromise in Kyoto. He then read out the Japanese proposal for QELROs.

Luxembourg, on behalf of the EU, pointed to a number of omissions from the draft negotiating text (DNT), particularly on PAMs, and the loss of the paragraphs on a long term objective, which was needed to reflect advances in the science. It also expressed concern over the text's lack of definition of the compliance regime, and the need to respect the Berlin Mandate. The UK took the floor to explain the new EU text on the legal nature and compliance regime of the EU bubble.

Samoa on behalf of AOSIS expressed deep disappointment with the Japanese proposal. So did Zimbabwe on behalf of the African group, reminding Parties that the biggest GHG polluters should also take the lead for reductions, warning about the loopholes the DNT contains.

The USA did not jump the gun and make the announcement for which we were all waiting, but instead strongly urged the Chairman to re-instate in square brackets the US text requiring all countries to take on commitments by 2005. Chairman Estrada seemed to have little sympathy with this, saying that he was not interested in putting in more text in square brackets.

Russia wanted banking of pre-2000 emission reductions back in the DNT, Iceland dif-

ferentiation.

The Plenary then heard statements from the NGOs. Chairman Estrada made some pointed remarks after the brown industry intervention, saying that it was unhelpful that members of the WBCSD are supporting propaganda against the AGBM process (a clear reference to the US fossil fuel industry publicity campaign).

Yasuko Marumoto of Greenpeace Japan, on behalf of the NGOs in the Climate Action Network, called on the Japanese to take a true leadership role and make her proud of her country by making a new and much stronger reduction proposal (full text on back page).

ICLEI reminded us of all the positive action being taken by cities and local authorities worldwide, while clean industry stressed the benefits of moving towards an economy based on energy efficiency and renewables.

SBI Wednesday p.m.

The third session of the SBI passed rapidly, as the entire agenda was covered in only two hours. Discussions began with arrangements for intergovernmental meetings, i.e. the organisation and provisional agenda of COP3: disagreement seemed to arise on article 3(d) of the provisional agenda for COP3 concerning the second review of article 4.2 of the convention, as well as on article 2(b) of the agenda concerning the adoption of rules of procedure for COP3. On that point, the Korean delegate waxed a little cynical, asking the chairman what would happen if the parties failed to agree on rules of procedures, as they did both at COP1 and COP2. There was no answer to that question... Debate also arose on what "post-Kyoto activities" exactly referred to.

On administration and financial matters, only the latter seemed to be of any interest to delegates. The secretariat in particular urged Parties to pay their contributions to the core Trust Fund, as 87 of them still have not paid their contribution for 1996, and 110 have failed to deliver for 1997!

The SBI also agreed to recommend to the COP that a new fund, namely the German Trust Fund, be created. This fund would receive DM 3.5 million annually from the German government to finance events in Germany.

No new resources were requested for the biennium. A decision for the SBI to recommend to COP3 will be drafted and circulated.

The final subject was possible mechanisms for consultation with NGOs: having heard various proposals from parties, the chairman concluded that it was too early to make recommendations to COP3. He took note of the interventions and SBI will continue with the issue after COP3.

US Could Gain without Pain

by Stephan Singer and Peter Debrine, WWF
Yesterday in Washington, and just in time to challenge the US government, WWF released a study showing how the United States could reduce its CO₂ emissions by 10% below 1990 levels by 2005, and 22% by 2010.

The analysis by the Tellus Institute, Boston, includes cost-effective measures which could save the US economy around US\$46 billion by 2005 and US\$136 billion by 2010.

This study, expanding on the earlier *Energy Innovations* analysis by five non-profit research and environmental organisations, complements studies of policies and measures in the EU and Japan for the essential step of cutting CO₂ emissions by 2005.

Among measures which could readily be implemented in the USA are: improved energy performance standards for domestic appliances and buildings; increasing the share of combined heat and power generation (cogeneration); biomass co-firing for conventional power plants to avoid costly early phase-out of existing power plants; and continuous improvement of fuel economy standards in the transport sector. Other suggestions include tax credits for investments in commercial energy efficiency; a quota for renewables in the electricity supply sector; and market transformation incentives for reducing transaction costs and moving goods from prototype to production.

The entire set of proposed climate policies would constitute an economically sound and innovative path for the development of US industry to increase the market share of climate-benign products.

A similar set of policies and measures which WWF proposed for the EU helped contribute to its 15% reduction target by 2010. This study identified how proven approaches could cut emissions in each sector of the economy, largely through measures which are cost-effective.

There is greater capacity for emission cuts in the US, where energy efficiency is roughly half of European levels. This simple comparison suggests a number of conclusions. Firstly, the US government seems incapable of understanding the beneficial effects of sound technologies which can protect the climate. Secondly, under pressure from the vested interests of a few multinationals, the US government is unwilling to explore the huge carbon reduction potentials available in the American economy. Thirdly, the US needs serious capacity building on sustainable and efficient energy options and is a worthwhile candidate for technology transfer from Europe.

Aboard the HFC Express

Speaking about global warming, President Clinton said on June 18, '97. "We see the train coming, but most ordinary Americans, in their daily lives, can't hear the whistle blowing."

Unfortunately this runaway train is increasingly being fueled by the potent global warming substitutes to CFCs, HFCs.

Projected HFC and PFC emissions globally for the years 2000 and 2010, are 4.2% and 10%, respectively, of 1990 fossil fuel emission levels. These increases rival the projected increases in CO₂ emissions projected over the next 20 years in the absence of further policy action.

It is estimated that the global production of the most commonly used HFC (HFC-134a), if unregulated, will increase to 230,000 tonnes by the year 2005 and 500,000 tonnes by 2025. On a 20 year time scale, the global impact of a worldwide annual production of 200,000 tonnes of HFC-134a equals roughly the CO₂ emissions of an industrialized country like France or the UK.

The HFC-134a leakage from automobile air conditioning from autos sold in Western Europe in 1995 alone, equals the CO₂ equivalent of five new power plants, while similar emissions in Japan equal ten power plants.

In addition, the manufacturing of HFCs also contribute to global warming. The manufacture of 1 tonne of HFC-134a has the warming impact equivalent of 38.8 tonnes of CO₂. This means that the manufacture of 100,000 tonnes of HFC-134a will contribute 3,880,000 CO₂ equivalent tonnes.

But HFCs endanger the environment and human welfare in more ways than that. HFC-134a, for example, contributes to the cumulative poisoning of our environment both through

the manufacturing process and its atmospheric decomposition. And a 1997 study conducted for the US Air Force raises serious concerns regarding the potential human health impacts of this substance.

If HFCs, PFCs and SF₆ are not included in the Kyoto reduction targets then the increase in their emissions is likely to outweigh the benefits of whatever reductions on other greenhouse gases are likely to be agreed upon in the Kyoto Protocol. It will be tantamount to sanctioning their unbridled growth.

The fact is that avoiding and reducing the use of HFCs is one of the easiest measures available for protecting the global climate. Environmentally safer, technologically proven and economically feasible alternatives exist for all of their major applications.

It makes as much sense for governments to virtually double their climate policy problems by mandating the uncontrolled use of these substances, as it is to stand in front of a runaway train while the whistle blows. The production of these gases can be measured easily, alternatives are available and they should be included in the Kyoto emission reduction target.

**HFCs = Unnecessary Global Warming
Panel Discussion Sponsored By
The European Business Council for a
Sustainable Energy Future
Friday, October 24th, 1:00 - 3:00 P.M.**

Please see daily program board for room #
This panel discussion will explore in detail, the importance of HFCs in the context of global warming and the Climate Convention. Delegates, observers and media are invited to attend.

Ludwig

The fossil fuel lobbyists seem to get grosser and grosser... on his way to the Beethovenhalle yesterday Ludwig encountered one of their delegation who was so big he couldn't even fit through the doors... Greenpeace had spotted him too and attached some placards.

Once in the door and it was into the maelstrom, with Press on the rampage, everywhere. Ludwig was hoping to make CNN's nightly bulletin with his mathematical conclusion that OPEC's target for 2010 was now infinitely higher than the US's, but another item came up and he was eclipsed.



Exxon's solution to travel in Bonn city centre

French Economists Call for Action

Similar to the statement made by 2,500 American economists in March, their French counterparts yesterday issued a call for action on climate change. Amongst the signatories were names such as Gérard Debruc, Professor at Berkeley University and Nobel prize-winner, and other well known French economists such as Edmond Malinvaud, Michel Aglietta, Jean-Jacques Laffont and Roger Guesnerie. Unfortunately their call for significant preventative action has not been heeded by some of those to whom it was addressed, as demonstrated by the announcement of such a weak US proposal. However, the statement was primarily aimed at the French government...

Here are a few extracts from the text:

"As economists, we measure the long-term effects of climate change on economies, societies, and the natural balance, as well as the constraints that unemployment, competition and uneven development impose on decision-making. We know that choices are difficult to make. While the welfare of future generations may be affected if the alarms sounded by scientists are neglected, we should not impose excessive sacrifices on current generations to abate risks the extent of which is still controversial.

However, neither economic realism nor the complexity of the problem can justify inaction. The inertia of economic and technical systems, as well as that of natural systems, is such that any delay in decision-making could incur very significant future costs... The use of economic incentives will create synergies between environmental and economic policies..."

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CLIMATE NEGOTIATIONS BONN OCTOBER '97 NGO NEWSLETTER

The following was presented by
Yasuko Matsumoto, Greenpeace Japan,
to the AGBM Plenary, October 22nd 1997
Thank you, Mr. Chairman:

Today, I am speaking on behalf of the Climate Action Network, a coalition of non-governmental organizations working to achieve the objective of the Framework Convention on Climate Change.

I am also speaking as a citizen of Japan.

Today marks the beginning of the last negotiating session of the AGBM before we meet in my country this December. It is important and timely that we remind ourselves at this important juncture of why we are here.

In Berlin, April 1995, Parties including the G-77 and China, members of OPEC and OECD, agreed that the current commitment – the aim to stabilize greenhouse gas emissions at 1990 levels – were inadequate and did not take the world far enough in meeting the objective of the Convention – i.e. to prevent dangerous interference with the world's climate system.

Now, more than two years later, Japan, and possibly the United States, are making proposals for targets and timetables that are ten year extensions of the target we already agreed was inadequate. Parties should also be reminded that stabilization of emissions does not stabilize

South Scoops, from front page
into the 21st century. If not entirely meeting environmental goals, it would be economically manageable, technically feasible and politically realistic.

On paper, developing nations now have a more advanced position than the EU because the reductions would need to be made in each of the three greenhouse gases, and not just in the "basket" that the EU has put on the table. While early action by 2005 is essential for maintaining the momentum of the Convention process and for redirecting energy sector investment, the inclusion of a goal for 2020 is a useful first step towards a longer-term framework for achieving the "ultimate objective" of the Convention.

The Tanzanian delegate added the following proposals:

- emissions of HFCs, PFCs and SF₆ should be controlled and phased out;
- QELROS must be achieved primarily through domestic action, thereby limiting unrestricted scope for joint implementation;
- a compensation fund for developing countries which might experience economic impacts as a result of reductions by Annex I Parties;
- a "clean development fund" to be agreed by

NGO Intervention

concentrations in the atmosphere – only reductions of sixty per cent and more can achieve that.

What is our Convention on climate change for?

Is it a trade agreement? No, it is not. Is it an economic treatise? No, it is not. The Climate Convention is an environmental agreement that is to protect the earth's climate system and all the people and species dependent upon it.

My country's proposal of a non-legally binding maximum reduction of five per cent is not in keeping with the Ministerial Declaration of COP2. My country's proposal only succeeds in lowering the overall level of the negotiation by shifting the balance in favour of the weakest positions.

Japan has only succeeded in paying the way for the U.S. to rationalize why it is acceptable to offer a small target. It seems to us that many developed country Parties are not negotiating in good faith.

Mr. Chairman, there are many loopholes being opened up in the negotiation of emission targets. These would enable Annex I Parties to substantially increase their emissions despite any target adopted in Kyoto.

Of particular concern to us is the issue of HFCs, PFCs and SF₆. These gases are increas-

ing rapidly and by 2010 their emissions will be equivalent to 10% of the 1990 Annex I CO₂ emissions. It is wrong that some parties are wanting to exclude these from the Kyoto target. They must be included.

ing rapidly and by 2010 their emissions will be equivalent to 10% of the 1990 Annex I CO₂ emissions. It is wrong that some parties are wanting to exclude these from the Kyoto target. They must be included.

Parties need to expand their understanding of their national interest to include the factors our economies depend on, the atmosphere, our climate system, our own environments and the impact on human health.

Mr. Chairman, I want to be proud of my country on this issue. Japan has not given me this chance.

I have observed these negotiations over the past eight years. For eight years I have watched AOSIS ask Parties to act urgently. For eight years, Parties have not answered AOSIS' call. And for eight years I have watched emissions increase.

Today there is an opportunity to do something right for the atmosphere, the climate and the future of humanity.

Today is the day my country could recover its pride by abandoning its unacceptably weak target.

Today is the day the US must exceed the embarrassingly weak Japanese proposal, and listen to the voices of AOSIS.

Thank you.

the COP to assist developing countries in achieving sustainable development. This would be funded by Annex I Parties which fail to meet their commitments but it also would be open for voluntary contributions from the same Parties.

Could the EU achieve the targets being put forward by G-77 and China? There seems to be no real obstacle. The European Commission expects methane emissions to fall by up to 15% by 2010 through business-as-usual developments and it envisages significant reductions being possible in nitrous oxide emissions. Both could be achieved at relatively low cost. Regarding CO₂, the European Commission's analysis demonstrates how the EU could reduce its emissions by at least 17% by 2010. And the benefits would more than likely exceed the costs of compliance.

Although President Clinton has disappointed the world by caving in to pressure from the fossil fuel lobby, the US can achieve far more than he thinks (as demonstrated by a recent WWF study, see article – page 2). This is hardly surprising when one considers that the US uses twice as much energy as Europe and three times more than Japan to generate equal

economic wealth.

Despite its past performance in improving its energy efficiency, Japan's lead is now flagging. According to CASA, based in Osaka, Japan could cut its CO₂ emissions by 21% by 2010 by exploiting 91 technologies that are either already commercially available or are expected to be introduced on a substantial scale by 2010.

Japan and the United States now remain outside today's consensus as "extremists", turning their backs on both the science of climate change and the terms of the Berlin Mandate under which emissions must be reduced.

If Annex I Parties are serious about reaching a positive outcome in Kyoto, they must support the QELROS tabled by the G-77 and China, which speak for the majority of the world's population.

THANKS

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