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REPORT OF THE FOURTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 2-13 NOVEMBER 1998

The Fourth Conference of the Parties to the UN Framework Convention on Climate Change (FCCC) was held from 2-13 November 1998 in Buenos Aires, Argentina, and was attended by over 5,000 participants. During the two-week meeting, delegates deliberated decisions for the COP during the ninth sessions of the Subsidiary Body for Implementation (SBI-9) and the Subsidiary Body for Scientific and Technological Advice (SBSTA-9). Issues related to the Kyoto Protocol were considered in joint SBI/SBSTA sessions. A high-level segment, which heard statements from over 100 ministers and heads of delegation, was convened on Thursday, 12 November.

Following hours of high-level "closed door" negotiations and a final plenary session that concluded early Saturday morning, delegates adopted the Buenos Aires Plan of Action. Under the Plan of Action, the Parties declared their determination to strengthen the implementation of the Convention and prepare for the future entry into force of the Kyoto Protocol. The Plan contains the Parties' resolution to demonstrate substantial progress on: the financial mechanism; the development and transfer of technology; the implementation of FCCC Articles 4.8 and 4.9, as well as Protocol Articles 2.3 and 3.14; activities implemented jointly (AIJ); the mechanisms of the Kyoto Protocol; and the preparations for COP/MOP-1.

A BRIEF HISTORY OF THE FCCC AND THE KYOTO PROTOCOL

The United Nations Framework Convention on Climate Change was adopted on 9 May 1992, and was opened for signature at the UN Conference on Environment and Development in June 1992. The Convention entered into force on 21 March 1994, 90 days after receipt of the 50th ratification. It currently has been ratified by 176 countries.

COP-1: The first meeting of the Conference of the Parties to the FCCC (COP-1) took place in Berlin from 28 March - 7 April 1995. In addition to addressing a number of important issues related to the future of the Convention, delegates reached agreement on what many believed to be the central issue before COP-1 — adequacy of commitments, the "Berlin Mandate." The result was to establish an open-ended *Ad Hoc* Group on the Berlin Mandate (AGBM) to begin a

process toward appropriate action for the period beyond 2000, including the strengthening of the commitments of Annex I Parties through the adoption of a protocol or another legal instrument.

COP-1 also requested the Secretariat to make arrangements for sessions of SBSTA and SBI. SBSTA would serve as the link between scientific, technical and technological assessments, the information provided by competent international bodies, and the policy-oriented needs of the COP. During the AGBM process, SBSTA addressed several issues, including the treatment of the IPCC's Second Assessment Report (SAR). SBI was created to develop recommendations to assist the COP in the review and assessment of the implementation of the Convention and in the preparation and implementation of its decisions. SBI also addressed several key issues during the AGBM process, such as the national communications and activities implemented jointly (AIJ).

The *Ad Hoc* Group on Article 13 (AG13) was set up to consider the establishment of a multilateral consultative process available to Parties to resolve questions on implementation. AG13-1, held from 30-31 October 1995 in Geneva, decided to request Parties, non-Parties, and intergovernmental and non-governmental organizations to make written submissions in response to a questionnaire on a multilateral consultative process (MCP). Delegates continued their discus-

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sion over the course of three meetings. At their fifth session, they agreed that the MCP should be advisory rather than supervisory in nature and AG13 should complete its work by COP-4.

AD HOC GROUP ON THE BERLIN MANDATE: The AGBM met eight times between August 1995 and COP-3 in December 1997. During the first three sessions, delegates focused on analyzing and assessing possible policies and measures to strengthen the commitments of Annex I Parties, how Annex I countries might distribute or share new commitments and whether commitments should take the form of an amendment or protocol. AGBM-4, which coincided with COP-2 in Geneva in July 1996, completed its in-depth analysis of the likely elements of a protocol and States appeared ready to prepare a negotiating text. At AGBM-5, which met in December 1996, delegates recognized the need to decide whether or not to allow mechanisms that would provide Annex I Parties with flexibility in meeting quantified emission limitation and reduction objectives (QELROs).

As the Protocol was drafted during the sixth and seventh sessions of the AGBM, in March and August 1997, respectively, delegates "streamlined" a framework compilation text by merging or eliminating some overlapping provisions within the myriad of proposals. Much of the discussion centered on a proposal from the EU for a 15% cut in a "basket" of three greenhouse gases by the year 2010 compared to 1990 levels. In October 1997, as AGBM-8 began, US President Bill Clinton included a call for "meaningful participation" by developing countries in the negotiating position he announced in Washington. With those words, the debates that shaped agreement back in 1995 resurfaced, with an insistence on G-77/China involvement once again linked to the level of ambition acceptable by the US. In response, the G-77/China distanced itself from attempts to draw developing countries into agreeing to anything that could be interpreted as new commitments.

COP-3: The Third Conference of the Parties (COP-3) to the FCCC was held from 1 - 11 December 1997 in Kyoto, Japan. Over 10,000 participants, including representatives from governments, intergovernmental organizations, NGOs and the press, attended the Conference, which included a high-level segment featuring statements from over 125 ministers. Following a week and a half of intense formal and informal negotiations, including a session that began on the final evening and lasted into the following day, Parties to the FCCC adopted the Kyoto Protocol on 11 December.

In the Kyoto Protocol, Annex I Parties to the FCCC agreed to commitments with a view to reducing their overall emissions of six greenhouse gases (GHGs) by at least 5% below 1990 levels between 2008 and 2012. The Protocol also establishes emissions trading, "joint implementation" between developed countries, and a "clean development mechanism" (CDM) to encourage joint emissions reduction projects between developed and developing countries. As of 13 November 1998, 60 countries have signed the Kyoto Protocol.

POST-KYOTO FCCC MEETINGS: The subsidiary bodies of the FCCC met from 2-12 June 1998 in Bonn, Germany. These were the first formal FCCC meetings since the adoption of the Kyoto Protocol. SBSTA-8 agreed to draft conclusions on, *inter alia*, cooperation with relevant international organizations, methodological issues, and education and training. SBI-8 reached conclusions on, *inter alia*, national communications, the financial mechanism and the second review of adequacy of Annex I Party commitments. In its sixth session, the AG13-6 concluded its work on the functions of the Multilateral Consultative Process (MCP). After joint SBI/SBSTA consideration and extensive contact group debates on the flexibility mechanisms, delegates could only agree to a compilation document containing proposals from the G-77/China, the EU and the US on the issues for discussion and frameworks for implementation.

REPORT OF COP-4

PLENARY

In opening plenary on Monday, 2 November, COP-3 President Hiroshi Ohki (Japan) recalled the important role played by COP-3 in responding to the Berlin Mandate and said COP-4 faces the challenge of maintaining the political momentum created in Kyoto. He noted the need to review existing economic structures and re-examine lifestyles.

Maria Julia Alsogaray, Secretary of Natural Resources and Sustainable Development of Argentina, was elected President of COP-4. She noted that while Argentina was not one of the countries that has "historic responsibilities" for the climate change problem, it wished to belong to the group holding future responsibilities for commitment leading to a solution. She said she wanted COP-4 to signal a new momentum in the process and said an action plan for future work should be established. She stated that developing countries share some responsibility for climate change and they have an ethical duty to ensure sustainable development.

Michael Zammit Cutajar, Executive Secretary of the FCCC, noted that this was the first COP to be held in a developing country. He anticipated that an action plan with ambitious and politically firm deadlines would be created as a result of this meeting. He said COP-4 presented an opportunity to revitalize the FCCC, perhaps through strengthening the transfer of technology and know-how and financial support. COP-4 could mark the occasion where the business community increased its role in combating climate change through efficient programmes conducted in an equitable way.

The following delegates were then elected as officers of the COP: Papa Cham (The Gambia); Mohamed Al Sabban (Saudi Arabia); Tengiz Gzirishvili (Georgia); Harald Dovland (Norway); Ole Plougmann (Denmark); Espen Rønneberg, (Marshall Islands); John Ashe (Antigua and Barbuda); Bakary Kante (Senegal); Kok Kee Chow (Malaysia); and Maciej Sadowski (Poland).

On organizational matters, the Executive Secretary proposed changes to the provisional agenda (FCCC/CP/1998/1). SAUDI ARABIA, supported by KUWAIT, proposed addressing Protocol Articles 2.3 and 3.14 (adverse impacts) as a separate item on the agenda. MAURITANIA noted that no objections were raised to the proposed agenda changes during informal consultations on 1 November. As a compromise, the Executive Secretary proposed adding Protocol Articles 2.3 and 3.14 in parentheses to the agenda item on FCCC Articles 4.8 and 4.9 (adverse impacts). SAUDI ARABIA, supported by VENEZUELA, accepted the proposal, but stressed that discussion under Item 5 (matters related to the Kyoto Protocol) should allow time for Articles 2.3 and 3.14. The plenary adjourned to allow the subsidiary bodies to begin their work.

On Friday, 6 November, delegates met in a "stock-taking" plenary. COP-4 President Alsogaray offered condolences to the Caribbean and Latin American countries devastated by Hurricane Mitch. She noted that floods, fires, droughts and hurricanes had profoundly affected countries around the world and suggested that "Mother Nature" was reminding delegates that urgent action was needed. Delegates observed a moment of silence for the recent tragedies at the request of INDONESIA, on behalf of the G-77/China. He also proposed that the Secretariat draft a statement of sympathy for the affected countries. The President also reported that Antigua and Barbuda ratified the Kyoto Protocol on 3 November.

Delegates also heard reports from the Chairs of the Subsidiary Bodies. The Chair of AG13, Patrick Széll (UK), presented the draft decision on the Multilateral Consultative Process (FCCC/CP/1998/L.3). He reported that Parties had accepted the thrust of the proposal. However, delegates did not agree on the size and composition of the Multilateral Consultative Committee. The President said she would hold intersessional meetings to tackle outstanding issues.



Delegates also heard statements from: Hama Arba Diallo, Executive Secretary of the UN Convention to Combat Desertification (CCD); William Kennedy, Senior Officer for the European Bank for Reconstruction and Development (EBRD); Prodipto Ghosh, Senior Environment Specialist from the Asian Development Bank (ADB); and Walter Arensberg, Chief of the Environmental Division of the Inter-American Development Bank (IDB); and the Convention on Biological Diversity (CBD) Secretariat.

VOLUNTARY COMMITMENTS: During the plenary on Monday, 2 November, delegates discussed voluntary commitments by non-Annex I Parties (Agenda Item 6) when considering the agenda. ARGENTINA recalled its request to include this item on the agenda and noted that no consensus had emerged despite its efforts to encourage consultations.

INDONESIA, on behalf of the G-77/CHINA, said this issue had been deliberated at length, but no consensus had been reached. He proposed adoption of the agenda without Item 6. INDIA recalled that the debate at Kyoto rejected the idea of voluntary commitments, stating it was not implied in the principle of common but differentiated responsibilities. SAUDI ARABIA, KUWAIT, VENEZUELA and ALGERIA cautioned that discussion of the issue at this stage would be divisive and distract from discussions of compliance and continuing increases in developed countries' emissions. BRAZIL described the FCCC as an exercise in burden sharing, recognizing differentiated responsibilities between Annex I and non-Annex I Parties. He noted that non-Annex I Parties are well ahead in meeting their existing commitments and, with CHINA, cautioned that this item was not intended to promote the FCCC, but to help some countries avoid existing commitments. IRAN and UNITED ARAB EMIRATES noted that neither the FCCC nor the Kyoto Protocol provides for voluntary commitments and cautioned that the discussion could lead to the imposition of commitments on developing countries.

CHINA noted that developed country emissions were projected to be 5% above 1990 levels by 2000 and 13% above 1990 levels by 2010. He distinguished developing country "survival emissions" from developed country "luxury emissions" and said developing countries risked losing financial assistance and technology transfer under the FCCC. He said voluntary commitments would create a new category of Parties under the FCCC and could destroy the unity of the G-77/China. He said the COP Presidency should remain neutral. QATAR, TOGO, CUBA, THAILAND and UGANDA supported the G-77/China.

ZIMBABWE, TANZANIA and SOUTH AFRICA said methodological and institutional issues relating to the flexibility mechanisms, such as the CDM, should be the focus of deliberation. SAMOA acknowledged that the Convention and its objectives stood to gain from a further discussion of voluntary commitments, but discussion at this stage would be detrimental. Discussions should focus on what could be expected from developing countries and initiatives Annex I countries could take to assist developing countries. COLOMBIA suggested that the vulnerability of developing nations, rather than their commitments, be discussed. CHILE said several developing countries were making serious efforts to limit GHG emissions and favored an exchange of views on voluntary cooperation, without entailing binding obligations or ignoring the principle of common but differentiated responsibilities.

AUSTRALIA noted that Annex I countries alone cannot fulfill the goals of the FCCC and said it was a sensitive issue that should be discussed in a non-controversial manner. With JAPAN, she said that non-Annex I Parties wishing to adopt voluntary commitments must be given an opportunity to consider their options under the Kyoto Protocol.

The US expressed regret that divisions among Parties would prevent delegates from putting all the issues on the table at this session. An open and full discussion on options could clarify a number of questions, including: how Parties would join Annex B; how base years would be determined; how Parties would develop targets; and whether

Parties would still be able to host CDM projects. With JAPAN and CANADA, NEW ZEALAND supported a discussion on this item. He said if this were not done, the President should use her prerogative to facilitate informal consultations. The RUSSIAN FEDERATION reminded delegates that within 15 years, emissions from non-Annex I countries would exceed those of Annex I countries. The CZECH REPUBLIC, with HUNGARY and SLOVENIA, supported the inclusion of Item 6 and noted that it could foster useful debate and dialogue. POLAND said if Parties wanted to adhere to FCCC goals, they should be encouraged to assume voluntary commitments. This dialogue would reflect the dynamic situation in the global economy and changes within Parties.

AUSTRIA, on behalf of the EU, said the question of broadening commitments in the long term is necessary and unavoidable. He recognized the achievements of many non-Annex I countries. He said it may not be possible to resolve this issue in plenary and proposed that the COP President take a decision on how to proceed.

ARGENTINA said no aspect of the FCCC and the Protocol limited its ability to raise the issue of voluntary commitments. He said the manner in which delegates address the issue would require discussion. Delegates adopted the provisional agenda without Item 6, as no consensus existed on its inclusion. The President noted that as several Parties had expressed interest in continuing discussion, she would facilitate informal consultations. CHINA cautioned against the proposed informal consultations, stating they could jeopardize the neutrality of the presidency. INDIA and SAUDI ARABIA observed that the item had been deleted because there was no consensus on further discussion. Voluntary commitments should not be considered and the President should not participate in consultations.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA, chaired by Kok Kee Chow (Malaysia), held ten meetings, including several joint sessions with SBI to discuss, *inter alia*, the Kyoto Protocol mechanisms. SBSTA considered: land use change and forestry; impact of single projects on emissions; research and systematic observations; methodological issues; scientific and methodological aspects of the proposal by Brazil; development and transfer of technology; and other matters. Several contact groups met to further discuss issues and draft conclusions. For many issues, delegates could not reach agreement in the contact groups and the draft decisions were forwarded to the COP with brackets. Outstanding issues were then discussed behind closed doors in high level consultations and the decisions were presented in final plenary.

LAND USE CHANGE AND FORESTRY: On Tuesday, 3 November, Paul Maclons (South Africa) and Maciej Sadowski (Poland) reported on a recent workshop they co-chaired at the request of SBSTA-8. The workshop focused on data availability based on definitions used by Parties and international organizations, including their implications, in relation to Kyoto Protocol Article 3.3 (forests). The workshop coincided with an IPCC expert meeting that aimed to prepare an outline for the special report. The Co-Chairs noted that SBSTA may need to clarify whether and when the IPCC should develop detailed tables, formats and instructions for addressing the implications of the Kyoto Protocol on the Revised Guidelines for national greenhouse gas (GHG) inventories.

BRAZIL noted that this issue alone could undermine the Kyoto Protocol if the COP takes a wrong decision on how to account for the influence of forestry on GHG concentrations. NORWAY said the workshop revealed that credits for carbon sinks under Protocol Article 3.3 might be negative, while the forest, as a whole, remains a sink. SWITZERLAND, with the MARSHALL ISLANDS, favored deferring work related to Articles 3.3 and 3.4 (agricultural soils) until the IPCC special report is available. CANADA highlighted the capacity of soils to sequester carbon and noted the opportunity this presented to farmers in pursuing sustainable land management practices. The



PHILIPPINES, the MARSHALL ISLANDS and ARGENTINA supported an increase in the IPCC budget to ensure full participation by developing country experts. The US underscored the ancillary benefits of sequestration activities and said excluding these would violate the Convention. JAPAN submitted two papers relating to Articles 3.3 and 3.4 containing items to be examined and supporting the work schedule agreed at SBSTA-8.

On Tuesday, 10 November, delegates considered the Chair's draft conclusions on land use change and forestry (FCCC/SBSTA/1998/CRP.7). The conclusions called for the organization of a second SBSTA workshop prior to the tenth session to focus on issues related to Article 3.4 of the Kyoto Protocol (such as methodologies, uncertainties, and research and data needs) and welcomed the US offer to provide a venue. SBSTA invited Parties to provide submissions on issues to be considered at the workshop. At the request of the RUSSIAN FEDERATION and other Parties, the title of the draft conclusion was amended to read "land use, land use change and forestry." The draft conclusions were adopted as amended.

The COP adopted the decision on land use, land use change and forestry in final plenary (FCCC/CP/1998/L.5).

IMPACT OF SINGLE PROJECTS ON EMISSIONS: On Tuesday, 3 November, ICELAND submitted a draft decision that provides for process emissions from a single project, coming into operation after 1990 and contributing more than 5%, in the first commitment period, to the total greenhouse gas emissions of an Annex B Party, to be reported separately and not be included in the national total. This would allow the Party to exceed its assigned amount provided that the total emissions of the Party are less than 0.05% of Annex I emissions in 1990. ICELAND said this was necessary in small economies because of the high proportional impact of single projects.

The MARSHALL ISLANDS, supported by BRAZIL, BARBADOS and TUVALU, said the draft decision would lead to special dispensations prior to the Kyoto Protocol's entry into force and could create an incentive for emissions increases in Annex I countries. With AUSTRIA, CANADA and BARBADOS, he requested more time for consultations. AUSTRALIA recognized the impact of single projects on small economies and supported establishing guidelines and methodologies to specify circumstances under which single projects could be accommodated. CANADA and BRAZIL said the draft decision could set a precedent affecting the integrity of the Protocol.

The US said the differentiation in assigned amounts in the Protocol allows for differences in national circumstances. He stated that Iceland's draft decision was consistent with the Protocol. ICELAND noted that this issue was identified at COP-3 and it was raised now to facilitate ratification of the Protocol. He distinguished between significant proportional impacts resulting from planned projects, and unexpected events. ANTIGUA and BARBUDA opposed the idea of exceptions to the Kyoto Protocol.

On Tuesday, 10 November, delegates considered the Chair's draft conclusions (FCCC/SBSTA/1998/CRP.9), which were based on informal consultations. Under the conclusions, SBSTA would further consider the issue at its tenth session. Supporting the draft decision, the Alliance of Small Island States (AOSIS) cautioned against granting exemptions prior to the Protocol's entry into force and said Parties should explore other options. ICELAND stressed that only projects with demonstrable global benefit would fall under the draft decision, if they could not be accommodated within the Party's assigned amount. On the issue of precedence, he said other cases should be valued on their own merits. The draft conclusions were accepted for forwarding to the COP. COP-4 adopted a decision on the issue in final plenary (FCCC/CP/1998/L.8).

RESEARCH AND SYSTEMATIC OBSERVATION: On Wednesday, 4 November, Global Climate Observing Systems (GCOS) presented a Report on the Adequacy of Global Climate Observing Systems. It recommended, *inter alia*, that Parties prepare national plans and exchange relevant data. The Global Ocean Observing

System (GOOS) also made a presentation. Following a number of statements, the SBSTA Chair noted an emerging consensus to address the deterioration of observing systems and proposed informal consultations chaired by Dr. Sue Barrell (Australia) and Dr. Mohammed Mhita (Tanzania). Delegates continued discussing the GCOS Report and the significance of its work during SBSTA plenary and called for expansion of research and systematic observation. Many highlighted the need to focus research and systematic observation systems on developing countries and issues that were relevant to them to combat the deterioration of these systems.

On Monday, 9 November, delegates considered draft conclusions of the informal consultations on research and systematic observation (FCCC/SBSTA/1998/CRP.6). The draft conclusions outlined decisions to develop an action plan to consider options for implementation and requested the Secretariat to compile a report on priorities for action to improve global observing systems in relation to the needs of the Convention. The RUSSIAN FEDERATION proposed inclusion of systems for the measurement of GHGs and other atmospheric components, reference to satellite systems for data collection, and distinction between anthropogenic and natural climate change variations. He suggested that the draft be amended to indicate that national meteorological systems also measure GHG emissions. Delegates debated references to atmospheric observing systems and measurement of greenhouse gas concentrations and agreed to text that "urges Parties to actively support national meteorological and atmospheric observing systems, including measurement of greenhouse gases." Delegates also debated language requesting Parties to submit information on their participation in global climate observing systems and requesting SBSTA to report to COP-5 on developments regarding observational networks. The decision was adopted as amended.

SBSTA also considered the Chair's recommendation on the relationship between efforts to protect the stratospheric ozone layer and efforts to safeguard the global climate system (FCCC/SBSTA/1998/CRP.8). The RUSSIAN FEDERATION said the process was moving ahead too quickly and there was no need to prepare a document to be considered at the next COP. The Chair explained that a "step by step approach" was embodied in the document, from the invitation to various bodies to provide information to the report by the SBSTA to the next COP. The Chair clarified that the decision on the matter would be taken at SBSTA-11, which would give the Secretariat ample time. The RUSSIAN FEDERATION suggested deleting the requirement of a report from the Secretariat, since the IPCC Report could provide the required information. The Chair clarified there would be two separate reports and the draft decision was adopted, despite the objection of the Russian Federation to portions of the text. COP-4 adopted the decision on the issue in final plenary (FCCC/CP/1998/L.4).

METHODOLOGICAL ISSUES FOR GHG INVENTORIES: SBSTA considered this issue under the agenda item on "Other matters." On Thursday, 5 November, SBSTA Chair Kok Kee Chow explained that the methodological issues relating to Annex I national communications would be discussed at an expert workshop to be held in December by the Secretariat (FCCC/SBSTA/1998/7, FCCC/SBSTA/1998/8, FCCC/SBSTA/1998/MISC.6 and Add.1). The Secretariat described work conducted and previous meetings held and outlined the plan for development of appropriate guidelines. The conclusions of the workshop would be discussed at SBSTA-10. John Christensen (UNEP) provided background to an international collaborative report on methodological issues. The US called for the resolution of these issues and expected to use them to develop guidelines and national measurement systems that could be ratified by COP-6. The US proposed that the December workshop consider methodological, reporting, review and assessment issues. NORWAY sought continual re-evaluation of inventory data, including base years, as methodologies improve. Chair Chow proposed that he prepare a draft decision for consideration by SBSTA.



With SWITZERLAND, the EU recognized that there is a link between the Montreal and Kyoto Protocols. He requested the subsidiary bodies to provide a list of available technologies to limit and reduce emissions of HFCs and PFCs. The US, with AUSTRALIA, said there should be coordination between international environmental agreements, but the process required careful consideration given the possible implications for industry. He proposed that SBSTA consider the impact of the phase out of substances covered under the Montreal Protocol and asked that they consult with that body. Chair Chow proposed holding consultations on this matter.

On Tuesday, 10 November, delegates considered the draft conclusions (FCCC/SBSTA/1998/CRP.10) on methodological issues. They noted the preparations of a workshop to be held from 9-11 December to resolve the identified methodological issues on GHG inventories. It requested the Secretariat to, *inter alia*, prepare a report on the revised guidelines for Annex I communications, particularly on the GHG inventory section, and consult with the IPCC on a comprehensive joint plan for the inventory programme. The conclusions were adopted by SBSTA.

SCIENTIFIC AND METHODOLOGICAL ASPECTS OF THE PROPOSAL BY BRAZIL: On Tuesday, 3 November, delegates discussed the scientific and methodological aspects of a proposal from Brazil, which was made during the AGBM process and forwarded by COP-3 to SBSTA. BRAZIL described it as the allocation of responsibilities among different emitters based on their actions as measured by the increase in global temperatures, rather than by emissions. INDONESIA supported discussion of the issue. GEORGIA stressed that monitoring of GHGs needed enhancement. The US said using temperature change as the sole indicator of responsibility ignored relevant socio-economic factors.

On Monday, 9 November, delegates adopted draft conclusions on the scientific and methodological aspects of the proposal by Brazil. Under the conclusions, SBSTA decided to consider the issue further and called on Brazil to report at SBSTA's next session. The conclusions were adopted by SBSTA.

DEVELOPMENT AND TRANSFER OF TECHNOLOGY: On Thursday, 5 November, SBSTA considered development and transfer of technology (FCCC/CP/1998/6; FCCC/CP/1998/MISC.5 and Add.1-2; FCCC/TP/1998/1; FCCC/CP/1998/11/Add.1). The G-77/CHINA said without practical technical know-how, technology transfer would be impossible. ARGENTINA, with AOSIS, stressed the need to consider adaptation as well as mitigation. He supported a role for the Secretariat in linking providers and recipients of technology and for international organizations in providing resources. With GRENADA and the REPUBLIC OF KOREA, CHINA emphasized the role of national governments and international organizations and said technology transfer should be on non-commercial and preferential terms. She added that transfer of technology relates to the Convention and should not be linked to the Kyoto Protocol. She questioned assessment of experiences, noting minimal progress in technology transfer since 1992, and favored focusing on existing technologies over assessment of emerging technologies.

Noting the need for an enabling environment and the potential of the CDM, CANADA and AUSTRALIA said the private sector should be the main vehicle for technology transfer. The REPUBLIC OF KOREA and CANADA supported work on inventories for sources of new technologies and gap identification. AUSTRALIA supported analysis of barriers to technology transfer and suggested SBSTA draw on its roster of experts. He proposed the establishment of an Internet-based network to enhance information dissemination. With the US, the REPUBLIC OF KOREA said debates on conceptual issues should not impede progress of the work programme. The US proposed that the Secretariat prepare a report on technology transfer and development efforts by Parties for consideration by SBSTA at its next session and endorsed the Secretariat's proposal to establish a consultative process

to develop consensus on next steps. A contact group chaired by Wanna Tanunchaiwatana (Thailand) and Renata Christ (European Commission) was convened to discuss the issue.

On Thursday, 5 November, a contact group discussed three draft decisions proposed by the US, the G-77/China and the EU (FCCC/CP/1998/MISC.5/Add.3). The US said communications between Parties were hindered by the differing understandings of the issues. He said technology transfer should be based on country specific needs and proposed that reference be made to successful programmes. He supported the Secretariat's proposal for a consultative process that would facilitate dialogue between Parties.

The G-77/China proposal focused on identifying means of linking the issues and providing an interface between the providers of technology and the recipients. It proposed a technology transfer mechanism (TTM) "to assist developing country Parties to obtain their needed environmentally sound technologies and know-how, conducive to addressing climate change, on non-commercial and preferential terms and thus contribute to the ultimate objective of the Convention." There was consensus on the capacity building section of the G-77/China proposal, which called for efforts to enhance endogenous capacities and provide enabling environments. The US opposed the G-77/China proposal for a TTM since it would be difficult to agree on its terms of reference. He also opposed the reference to "non-commercial, preferential terms." He recalled that the reference was rejected when the Convention was being negotiated. The delegates debated, *inter alia*: the necessity, possible form and functions of the TTM; issues relating to the transfer of public domain technology; the features of a consultative process; and the role of dialogue between Parties.

The Chair noted the emerging consensus on: the need for progress; the terms outlined in the capacity building section of the G-77/China proposal; and the need for dialogue consultations and information exchange. She noted that there was a convergence between aspects of the Parties' positions, although an agreement on terminology was needed. She said there was disagreement on whether to have a "mechanism/process/system/facility," its forms and functions, and the elements for immediate action. She proposed that the technology transfer aspects of the three proposals be integrated into a working document for discussion in the working group. On Friday, 6 November, the contact group on technology transfer continued discussions on the proposed draft decision.

On Tuesday, 10 November, in SBSTA plenary, delegates considered the draft conclusions on technology transfer (FCCC/SBSTA/1998/CRP.11) requesting the SBSTA Chair to establish a consultative process, which would consist of regional workshops and meetings to implement FCCC Article 4.5 (technology transfer). Parties were invited to provide submissions to the Secretariat by 15 March 1999 in response to the issues listed in the annex to the decision.

Delegates adopted most of the text unchanged, modifying the preamble to reflect the role of the private sector in some countries. A paragraph requesting SBSTA to establish a consultative process to consider the issues listed in the annex engendered debate. The G-77/CHINA favored retaining reference to a TTM. The group also said the paragraph should be considered in conjunction with a bracketed reference in the annex, which required consideration of appropriate mechanisms for technology transfer with the FCCC. The PHILIPPINES suggested that a body was needed to operationalize the process, adding that experts involved in the consultative process should be from the FCCC roster of experts. The US, with the EU, said the aim of the consultative process should be "meaningful and effective action." The G-77/CHINA indicated willingness to accept "meaningful and effective action" if brackets were removed from the annex.

The Chair closed the formal meeting and began informal discussions. The EU said the annex was not a negotiated text and supported the US proposal to leave the debate to the high-level segment, as it



related to other issues under negotiation. The Chair proposed compromise wording. After some debate, the Chair invited the EU, the US and the G-77/China to discuss the issue informally.

SBSTA reconvened at approximately 12:30 am. Chair Chow reported that participants in the afternoon's consultations had agreed to let the Chair make a proposal. He proposed the following: "to achieve agreement on a framework for meaningful and effective actions." The reference to "technology transfer mechanism" would be deleted. The text would also have SBSTA draw from the roster of experts. A bracketed reference in the annex asked whether existing multilateral mechanisms were sufficient.

The Chair attempted to accept the text for forwarding to the COP, but the US objected. SBSTA accepted the text, and the Chair said the record would note the US objection. The US, supported by JAPAN, said the action was inappropriate and a statement in the record was insufficient. He said the record should indicate that the decision was accepted in the face of objection.

In final plenary, delegates adopted the decision on development and transfer of technology (FCCC/CP/1998/L.16). The decision requests SBSTA to establish a consultative process to consider the preliminary list of issues and questions and make recommendations on how they should be addressed in order to achieve agreement on a framework for meaningful and effective action to enhance technology transfer implementation under the Convention.

REPORT OF THE SESSION: On Tuesday, 10 November, SBSTA adopted its draft report for the ninth session (FCCC/SBSTA/1998/L.8). The final report will include the RUSSIAN FEDERATION's objection to procedural steps embodied in the recommendation on the relationship between the Montreal Protocol and the FCCC (FCCC/SBSTA/1998/CRP.8).

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI, chaired by Bakary Kante (Senegal), met eight times, including several joint sessions with SBSTA. SBI considered: implementation of FCCC Articles 4.8 and 4.9; review of information/possible decisions under Decision 9/CP.1; second national communications from Annex I Parties; national communications from Non-Annex I countries; financial mechanism; administrative and financial matters; and schedule of meetings for 2000-2001. Several contact groups met to further discuss issues and draft conclusions. For many issues, delegates could not reach agreement in the contact groups and the draft decisions were forwarded to the COP with brackets. Outstanding issues were then discussed behind closed doors in high-level consultations and the decisions were presented in final plenary.

IMPLEMENTATION OF FCCC ARTICLES 4.8 AND 4.9: On Tuesday, 3 November, Chair Kante convened a contact group, co-chaired by Bo Kjellén (Sweden) and Mohammad Salamat (Iran), on Articles 4.8 and 4.9 (adverse effects) and the related articles of the Kyoto Protocol (2.3 and 3.14). SAUDI ARABIA stressed the need for the contact group to produce an unambiguous text that could be adopted by the COP. The US and CANADA indicated that the issues raised by Articles 4.8 and 4.9 and the subsequent decisions should be separate. With AUSTRALIA, they said the issue should be considered in a non-political manner.

The contact group met three times. In the first session, delegates discussed how to proceed. In the second and third sessions, they discussed a Co-Chairs' draft decision, which stated that the basic elements for further analysis should include: the identification of adverse effects; determination of the impacts of implementation measures in developing countries; the identification of the specific needs and concerns of developing country Parties arising from such adverse effects and impacts; and determining further necessary actions related to funding, insurance and technology transfer to meet the needs of developing countries. A programme of work was proposed that included: an expert workshop (April 1999); further discussion in

subsidiary bodies (SBSTA-10 and SBI-10, June 1999); identification of needs for further information needed (COP-5, October 1999); and decisions made (COP-6, October 2000).

On Tuesday, 10 November, in describing the results of the contact group, Co-Chair Kjellén said the text reflected the objectives and there was general agreement on outstanding issues. The two bracketed paragraphs in the preamble reflected the lack of time for full negotiation. The G-77/CHINA said there were compromises even in the unbracketed text. He said the group would accept the document, including the brackets, to preserve momentum. The US, with the EU, said the impression of general agreement was misleading. He said the contact group did not discuss this text and there was no agreement on the work plan. SAUDI ARABIA stated there was no consensus and suggested that if the whole text were bracketed, then all texts should be bracketed.

The draft decision on FCCC Articles 4.8 and 4.9 was adopted with two amendments and the removal of brackets from around the entire text (FCCC/CP/1998/L.9). Paragraph 4 in the preamble was expanded to read, "*Recognizing* that in the implementation of the commitments in Article 4 of the Convention, the Parties shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures." The following paragraph was shortened and reads, "*Noting* the provision under Article 12.8 of the Protocol." Compared to the draft decision, the adopted text includes an expanded comment on the responsibilities of Annex I Parties under Articles 4.8 and 4.9, but limits discussion of specific commitments under Article 12 of the Protocol. The decision focuses on obtaining and compiling further information, continuing the analysis on adverse effects and includes a work plan for future action.

REVIEW OF INFORMATION/POSSIBLE DECISIONS

UNDER DECISION 9/CP.1: On Wednesday, 4 November, delegates considered the review of information and possible decisions under Article 4.2(f), which addresses amendments to FCCC Annexes (FCCC/CP/1998/13; FCCC/CP/1997/MISC.3). The Chair recalled that informal consultations were held during the last two sessions, but no consensus emerged. PAKISTAN requested Parties to delete Turkey from Annexes I and II. The EU said all OECD countries should have legally binding targets. Informal consultations were held on this issue.

On Friday, 6 November in plenary, the President of the COP invited comments on the draft decision on the review of implementation of commitments and of other provisions of the Convention (FCCC/CP/1998/L.2). Under the draft decision, the COP would continue to the review this matter at COP-5. TURKEY reiterated that its current status as was an anomaly that delays its ratification of the Convention. PAKISTAN called for the resolution of the issue to allow Turkey to participate in the process.

SECOND NATIONAL COMMUNICATIONS FROM ANNEX I PARTIES:

On Wednesday, 4 November, delegates discussed the full compilation and synthesis of second national communications from Annex I Parties. The Secretariat provided a review of documentation and discussed gaps in data and reporting (FCCC/CP/1998/11; FCCC/CP/1998/11/Add.1; FCCC/CP/1998/11/Add.2). The debate included reference to the in-depth review process and the proposal for an exercise of data comparison (FCCC/CP/1998/4; FCCC/CP/1998/5; FCCC/CP/1998/MISC.8; FCCC/CP/1998/INF.9). The G-77/CHINA, with the PHILIPPINES and CHINA, expressed concern about: increasing emission trends among Annex II Parties; activities relating to financial resources and technology transfer; the lack of progress in the development of policies and measures; and gaps in reporting by Annex I Parties.

NORWAY, with the EU, AUSTRALIA, the US and CANADA, stated that: the national communications and their reviews were important to the Convention process; reporting issues and guidelines



required increased attention; and the Secretariat should conduct more analytical work. The EU, NEW ZEALAND, the US, SWITZERLAND, CANADA and NORWAY said the third national communication should be due in 2001. The EU, NORWAY and the US supported the Secretariat's proposed paper on comparison of activity data, but sought clarification on several technical and procedural issues.

A contact group on national communications from Annex I Parties, chaired by Mohamed Ould El Ghaouth (Mauritania) and Alexander Metalnikov (Russian Federation), met over the weekend and formulated a draft decision. It proposed that the third national communications from Annex I Parties be due in 2001 and that subsequent national communications be due every three to five years. The decision included a statement on the need for further efforts by Parties to improve completeness, consistency and comparability of data and information, as well as participating, through the SBI, in evaluating and refining the review process. It proposed that the Secretariat complete a feasibility study on the potential usefulness of data comparison and report on information contained in annual national inventory submissions.

On Tuesday, 10 November, in SBI plenary, the Co-Chairs of the contact group indicated that consensus was reached. The G-77/CHINA proposed bracketing a paragraph in the annex that noted that many Annex I Parties would not reduce GHGs to 1990 levels. They said this issue became linked to discussion on FCCC Article 4.2 (a) and (b) (adequacy of commitments). Contact group Co-Chair El Ghaouth asked the Chair not to reopen debate on an agreed decision. The text was accepted with brackets.

The final plenary adopted the decision on national communications from Annex I Parties with the removal of the brackets from paragraph 10(c) (FCCC/CP/1998/L.10). The decision requests Annex I Parties to submit their third national communication by 30 November 2001 and subsequent communications will be due at three- to five-year intervals.

NATIONAL COMMUNICATIONS FROM NON-ANNEX I COUNTRIES: On Thursday, 5 November, delegates discussed national communications from non-Annex I countries (FCCC/CP/1998/MISC.4; FCCC/CP/1998/INF.2; FCCC/CP/1998/CRP.1). The PHILIPPINES highlighted the need for capacity building and financing, which should follow the guidelines for initial communications in Decision 10/CP.2. CHINA, supported by TOGO and the CENTRAL AFRICAN REPUBLIC, said the decision recognized the need for adequate and additional financial resources for inventories, an enormous task for some developing countries. CHILE and COLOMBIA described ongoing efforts toward their initial national communications. URUGUAY and the REPUBLIC OF KOREA described their initial communications and national efforts underway to limit GHGs. The EU said communications should be considered on a country-level basis and more frequent workshops would be beneficial.

On Monday, 9 November, the contact group on non-Annex I national communications, chaired by Paul Malcons (South Africa) and Dan Reifsnnyder (US), considered a draft Co-Chairs' text. Discussion centered on a number of issues including: whether national communications would be evaluated and whether there would be a process of ongoing evaluation; whether a compilation and synthesis of non-Annex I national communications would be completed, and if so when; whether there would be in-country reviews; and whether workshops would help the consideration and/or preparation of national communications.

On Tuesday, 10 November, in SBI plenary, Co-Chair Malcons presented the draft decision. The EU bracketed a paragraph regarding requests to the Secretariat. The G-77/CHINA bracketed the entire text. CHINA and SAUDI ARABIA said the Chair should not allow further negotiation on the text. After lengthy debate, the Chair called on delegates to respect the rules and said the entire text would be bracketed for consideration by the COP plenary.

The final COP plenary adopted the decision on initial national communications from non-Annex I Parties with minor changes (FCCC/CP/1998/L.11). Paragraph 5 was amended to read: "decides to continue to address the consideration of communications from non-Annex I Parties, at its fifth session, with a view to taking a further decision on this matter." This change highlighted the ongoing nature of the consideration of non-Annex I communications. All of the brackets were removed and the decision was adopted.

FINANCIAL MECHANISM: On Wednesday, 4 November, delegates debated the report of the Global Environment Facility (GEF) (FCCC/CP/1998/12; FCCC/CP/1998/12/Add.1; FCCC/CP/1998/MISC.3) and the financial mechanism and the review process (FCCC/SBI/1998/MISC.4, FCCC/SBI/1998/MISC.4/Add.1 and FCCC/CP/1998/MISC.3). Several developing country Parties suggested a political reorientation of the GEF to meet their needs, such as the preparation of non-Annex I communications. Several developed country Parties suggested that the GEF should operate as the Convention's financial entity, although improvements were needed. Chair Kante called for unity among the delegates to resolve the status of the GEF and appealed for a solution.

On Thursday, 5 November, the contact group on the financial mechanism, chaired by John Ashe (Antigua and Barbuda) and Dan Reifsnnyder (US), met briefly and focused on procedural matters that would enable a decision to be reached. The G-77/CHINA, after considering comments to their initial proposal presented in the previous meeting, outlined two new proposals on the substantive issues, namely, the status of and guidance to the GEF. These documents were considered in a series of contact group meetings over the next few days.

On Friday, 6 November, the contact group discussed a draft decision presented by the G-77/China (FCCC/CP/1998/MISC.3/Add.1). The US tabled a draft decision that focused on: improvements at the operational level of the GEF; resolving the status of and guidance to the GEF in one draft decision; and GEF support programmes to assist developing countries in altering their policy and legal frameworks in support of technology transfer. The G-77/CHINA said this proposal did not adequately meet the needs of developing country Parties.

On Monday, 9 November, the contact group met in a closed session and discussed a text proposed by the Co-Chairs. No decisions were taken. Delegates indicated that they wanted feedback from other contact groups, such as those on technology transfer and FCCC Articles 4.8 and 4.9. Delegates linked the decision on the status of the GEF with the discussion on guidance to the GEF.

Co-Chair Ashe presented the draft decision on the financial mechanism to the SBI plenary later that day. The EU bracketed paragraphs on GEF funding for implementing adaptation responses and meeting full agreed costs. The US bracketed language on international centers. The G-77/CHINA bracketed the entire text. The text was forwarded to the COP with brackets.

After extensive consultations behind closed doors, the COP plenary was presented with a draft decision (FCCC/CP/1998/L.22) without brackets, which it adopted. It was agreed that the restructured GEF shall serve as the financial mechanism. On guidance to the GEF, the changes included: deletion of bracketed text on the provision of new and additional funds for addressing climate change; removal of brackets from paragraphs on funding for adaptation measures and facilitation of access to information; and removal of brackets and strengthening of text on meeting agreed full costs for initial and subsequent national communications.

SECOND REVIEW OF THE ADEQUACY OF FCCC ARTICLE 4.2 (A) AND (B): On Wednesday, 4 November, delegates considered the second review of the adequacy of FCCC Article 4.2 (a) and (b) (FCCC/CP/1997/7; FCCC/CP/1998/MISC.6; FCCC/CP/1998/MISC.6/Add.1). There was consensus among Parties that the current commitments were inadequate and a decision should be reached at COP-4. The G-77/CHINA said: the issue is important to the Conven-



tion; a clear decision defining new commitments should be reached; and developed countries were shirking their responsibilities in this matter. Several developed countries indicated that resolution of this issue was possible at COP-4, but a decision should be forward-looking and create an enabling framework that could include a broader range of commitments. A contact group was established to consider the issue.

On 5 November, the contact group considering the review of Article 4.2 (a) and (b), chaired by Jennifer Irish (Canada) and Margaret Mukahanana (Zimbabwe) remained focused on establishing the approach to preparing a draft statement which, according to FCCC Article 4.2 (d), must be completed by 31 December 1998. Developing country Parties insisted that a G-77/CHINA draft decision provide the basis for the deliberations. Other countries stated that a document, which compiled a range of submissions to the Secretariat following the June subsidiary body meetings, should serve as the core text for discussions.

The group met over the weekend. A discussion of four draft proposals, presented by AUSTRALIA, the EU, the G-77/CHINA and the US, dominated the deliberations. Debate concerned procedural issues on how to address the texts, with the G-77/CHINA indicating reluctance to consider a compilation text prepared by the Co-Chairs. After extensive debate, the G-77/CHINA proposed, with the EU and NEW ZEALAND, a reworked text as a negotiating document. The US, with the eventual support of G-77/CHINA, rejected the compilation document and called on the four draft decisions to be presented in their entirety to the SBI. The Parties justified the cautious approach, citing this issue's crucial importance to national positions. CHINA said he interpreted the US and AUSTRALIA proposals as an attempt to exact commitments from developing countries. The US and AUSTRALIA noted that the scientific and technical evaluation from the IPCC indicated that developed country actions would be insufficient to meet the aims of the Convention, and the US incorporated this into its submission. The meeting ended without clear resolution.

On Tuesday, 10 November, Co-Chair Jennifer Irish reported to the SBI plenary that the group agreed that commitments were inadequate, but did not agree on reasons nor on actions required. She presented a recommendation that the Chair conduct further consultations. Co-Chair Margaret Mukahanana said the difficulty on reaching a consensus was based on different interpretations of adequacy of commitments. The Chair asked delegates to forward the five draft decisions to the COP plenary.

During the final plenary, the President reported that no conclusion was possible on the second review of adequacy of Article 4.2(a) and (b). There was no discussion or decision on this issue by the COP and the nature of future discussions on this issue were not described.

ADMINISTRATIVE AND FINANCIAL MATTERS: On Tuesday, 3 November, the Secretariat outlined a number of administrative and financial matters (FCCC/CP/1998/8/Add.1; FCCC/CP/1998/9; FCCC/CP/1998/10 and FCCC/CP/1998/INF.1). A brief discussion ensued and the Chair decided to hold consultations on the issues raised.

On Tuesday, 10 November, the budget group Chair Harald Dovland (Norway) reported that no agreement had been reached on the calendar of meetings. The US highlighted concerns regarding dates in the draft decision. The text was adopted with the exclusion of the calendar of meetings. The Executive Secretary reported that since document FCCC/SBI/1998/INF.6 was distributed, financial contributions had been received from several Parties. Delegates adopted a decision on this issue in final plenary (FCCC/CP/1998/L.13).

SCHEDULE OF MEETINGS FOR 2000-2001: On Tuesday, 3 November, in the SBI plenary, the EU, supported by CANADA and AUSTRALIA, proposed that COP-5 be held in 2000 rather than 1999. With SAUDI ARABIA, CHINA, VENEZUELA and NIGERIA, MAURITANIA objected to this proposal. If the COP is postponed, he said governments might not feel the pressure to ratify the Protocol. CHINA noted that several issues under the Convention remained unre-

solved and time was needed to prepare for the Protocol's entry into force. NIGERIA objected to the US proposal for alternating ministerial and non-ministerial COPs. CANADA called for consultations on this issue under the guidance of the Chair. Informal consultations were held.

On Monday, 9 November, SBI adopted the draft report of its ninth session (FCCC/SBI/1998/L.8).

SBI/SBSTA JOINT SESSIONS

FLEXIBILITY MECHANISMS: In a joint SBI/SBSTA plenary on Wednesday, 4 November, delegates discussed the Protocol's flexibility mechanisms contained in Article 6 (emission reduction units), Article 12 (clean development mechanism) and Article 17 (emissions trading)(FCCC/1998/CP/MISC.7 and Add.1; FCCC/SBSTA/1998/6; FCCC/CP/1998/INF.3). The G-77/CHINA reiterated the need for the flexibility mechanisms to proceed step-by-step. BRAZIL said the CDM should not be operational before ratification of the Protocol and implementation of domestic measures. AOSIS stated, *inter alia*, that the concept of supplementarity should guide the mechanisms.

The AFRICAN GROUP stressed that the use of flexible mechanisms be limited to an agreed amount since the primary objective of the FCCC was to encourage domestic action. Appropriate work with debt relief in Africa would create an enabling environment for a wide range of CDM projects. He called for a preparatory process to enable African countries to undertake CDM projects. He stressed the importance of equity in the CDM and suggested focusing on infrastructure development in the continent.

The EU stated that the mechanisms should be developed parallel to and consistent with each other. He said domestic actions should be the primary means of emissions reductions and the mechanisms should be supplemental. He called for the definition of a quantitative and qualitative ceiling based on equitable terms. SWITZERLAND suggested the creation of a compliance mechanism. The EU, SWITZERLAND and SLOVENIA said COP-4 should agree on as many principles as possible and adopt detailed schedules to implement the Kyoto Protocol.

AUSTRALIA said the flexibility mechanisms were to be open, market-based, transparent, cost effective and equitable; provide comprehensive coverage, including sinks; and be fungible. With NEW ZEALAND, she opposed restrictions on trade in assigned amounts, characterizing them as inequitable, costly, arbitrary and difficult to implement.

With CANADA, the US and NORWAY, JAPAN underscored the importance of addressing the flexibility mechanisms in parallel, reaching early agreement and developing a work plan for unresolved issues. He favored giving priority to technical issues. Supported by CANADA and the US, he opposed quantitative ceilings for reductions achieved through the flexibility mechanisms, noting that there was no ceiling on transfers of assigned amounts under Protocol Article 4 ("bubble"). On the CDM, he favored: transparency; inclusion of sink projects; private sector involvement; use of public funds to ensure equitable geographical distribution of projects; and a standardized and/or project-by-project approach for baselines. With CANADA, he said host countries should determine sustainable development criteria.

A joint SBI/SBSTA contact group, chaired by Luiz Gylvan Meira Filho (Brazil) and Yvo de Boer (Netherlands), met several times. On Wednesday, 4 November, the group discussed the preparation of a comprehensive work programme on flexibility mechanisms. The EU and a group of Annex I Parties, including Australia, Canada, Iceland, New Zealand, Norway, the Russian Federation and the US ("Umbrella Group") distributed draft decisions and discussion documents. Other Parties, including the G-77/CHINA, called for more time to consider the volume of documentation. Several developing country Parties supported addressing a wider range of issues related to the flexibility mechanisms, including technology transfer, adverse impacts, methodologies, reporting and compliance. Two small island States supported a



package of 11 themes for the work programme. The Co-Chairs distributed a "dummy" Draft Work Programme on Mechanisms and conducted informal consultations.

On Friday, 6 November, the G-77/CHINA stressed the need for a clear section in the work programme devoted to the nature and scope of the mechanisms to facilitate comparison. He added that the mechanisms should not exacerbate the economic disadvantage of countries and called for the CDM to be discussed on a priority basis. HONDURAS, supported by several Latin American countries, called for expeditious creation of the CDM, and proposed an "interim phase approach" to develop guidelines and rules. The US stressed parallel progress on all mechanisms. The EU preferred a general, rather than a detailed, debate. NEW ZEALAND stressed the importance of developing a timeline for discussion. Several Parties expressed concern about the length of the draft work programme. SWITZERLAND provided the Co-Chairs with a two-page work programme. The contact group met on Saturday to continue discussion on the work programme, with a much-shortened version prepared by the Co-Chairs that included the Honduran "interim phase" proposal. After some discussion, the Chairs acknowledged differences in views among the Parties, but said the views were not incompatible.

On Monday, 9 November, the G-77/CHINA submitted a proposed work programme containing an extensive list of issues, embodying a "step-by-step" approach and prioritizing the CDM. In response, the US, supported by CANADA and AUSTRALIA, suggested the contact group address four questions: what type of decision should be made, when, by whom, and how it should move forward. He added that there were two options: negotiate the items in the text or keep the list of items open. The EU said the G-77/China draft programme lacked, *inter alia*, a clear timeline, deadlines and allocation of work to different bodies. They rejected the prioritization of work, calling for parallel development of all three mechanisms. The Co-Chairs introduced a draft decision on mechanisms, taking into consideration the views expressed in the group, admitting that it was outside their mandate. AUSTRALIA said the issues settled at Kyoto should not be re-opened.

On Tuesday, 10 November, draft work programmes were submitted by AUSTRALIA (on behalf of CANADA, ICELAND, NEW ZEALAND, NORWAY, the RUSSIAN FEDERATION and the US), JAPAN, SWITZERLAND and the Co-Chairs. After extensive deliberations, Co-Chair de Boer suggested that the title of the work programme include a footnote stating "the existence of elements in this list is without prejudice to inclusion of these items in the rules, modalities and guidelines developed for these mechanisms." The discussion on principles would be limited to the "application of existing principles" and the references to FCCC Articles 4.8 and 4.9 (adverse effects) would be deleted. At the request of G-77/CHINA, the Parties reconvened later to discuss the draft as amended by the Co-Chairs. SAUDI ARABIA, with QATAR, said it would support the Co-Chairs' amended text, if FCCC Articles 4.8 and 4.9 (adverse impacts) were included. UGANDA said all the references to FCCC Articles 4.8 and 4.9 should be deleted, since they were under deliberation elsewhere.

Delegates convened a joint SBI/SBSTA plenary in the early morning hours of Wednesday, 11 November. The contact group Co-Chairs reported that there was no agreement on a draft work programme. AUSTRALIA and other Annex I Parties, as well as the EU, put forward the documents they had produced for the contact group. The SBI/SBSTA Co-Chairs distributed their own draft decision on the work programme on mechanisms. The G-77/CHINA urged discussion of the contact group Co-Chairs' draft, with CHINA opposing the use of other documents. SOUTH AFRICA and UGANDA rejected the G-77/CHINA position, saying they were unaware the group had discussed the new proposal. With the US, EU, CANADA, JAPAN, KUWAIT and AUSTRALIA, the AFRICAN GROUP favored bracketing the new Co-Chairs' draft entirely. VENEZUELA said forwarding the Co-Chairs' text would require formula-

tion of a joint subsidiary bodies' position. KUWAIT suggested the draft decision of the SBSTA/SBI Co-Chairs be forwarded to the COP as a Chair's text. Co-Chair Kante suggested forwarding both texts to the plenary: the draft work plan proposed by the contact group Co-Chairs and the draft decision proposed by the SBSTA/SBI Co-Chairs. Delegates agreed, but it remained uncertain which of the texts would be bracketed. The session concluded at 4:10 am.

Later that day, SBI/SBSTA Co-Chair Chow informed the COP plenary that a decision had been reached on the flexibility mechanisms and two draft texts would be forwarded to the COP (FCCC/CP/1998/MISC.7 and Add.1).

During the final plenary on Saturday, 14 November, the COP adopted a decision that included a work programme on mechanisms (FCCC/CP/1998/L.21). The decision contained several elements, *inter alia*: prioritization of the CDM; a final decision on Protocol Articles 6 (emission reduction units), 12 (clean development mechanism) and 17 (emissions trading) at COP-6; and a request to the Secretariat to prepare a plan for facilitating capacity building for developing country Parties, especially for the small island States and the least developed countries, to participate in the CDM.

The work programme contained a list of issues to be discussed under four categories: General; CDM; Article 6 projects; and Article 17 – emissions trading between Parties included in Annex B. In the general section, elements included: application of relevant principles; capacity building; adaptation; compliance; inapplicability of Article 4.8 and 4.9 of the Convention and/or Article 2.3 and 3.14 of the Kyoto Protocol to the mechanisms; application of any quantification of "supplemental to domestic actions" to each State within a regional economic integration organization; and linkages, *inter alia*, interchangeability. In the section on the CDM, reference was made to transparency, non-discrimination and prevention of distortion of competition; supplementarity to domestic actions for achieving compliance with reduction commitments under Protocol Article 3 (concrete ceiling defined in quantitative and qualitative terms based on equitable criteria; fungibility among mechanisms; inclusion of sink projects; and credit (starting from 2000) for qualifying projects begun before CDM rules become effective. Under Article 6 and Article 17, the elements to be discussed include: lack of authority to elaborate "supplemental to domestic actions" and the inadvisability of doing so; and lack of authority to establish a charge for adaptation. On Article 17 references were made to the basis for and determination of rights and entitlements for emissions trading of Parties included in Annex B; hot air; interchangeability and assigned amounts as a basis for emissions trading.

ACTIVITIES IMPLEMENTED JOINTLY: On Tuesday, 3 November, a joint SBI/SBSTA plenary session considered the status of the AIJ pilot phase. The Secretariat provided a report on the 95 projects, the main methodological issues, and subjects that arose in workshops on this topic (FCCC/CP/1998/2, FCCC/CP/1998/INF.3, FCCC/CP/1998/MISC.7 and FCCC/CP/1998/MISC.7/Add.1).

The G-77/CHINA, supported by several developing countries, observed that AIJ is separate from the mechanisms arising from the Protocol. He said while the number of projects had increased, representation was poor. He stated that there were insufficient details to draw conclusions and the pilot phase should be extended. Most non-Annex I Parties have not experienced and evaluated an AIJ project within their own country. Several Parties observed that further experience and capacity building would lay the groundwork for Protocol mechanisms.

SWITZERLAND, with NORWAY, JAPAN, SLOVENIA, the EU, the US, AUSTRALIA and COLOMBIA, contended that the AIJ pilot phase provides lessons for the flexibility mechanisms. A review of the AIJ pilot phase for COP-5 would support the development of this work. POLAND observed that a review of the process could explain why some countries were excluded and resolve some of the concerns of the G-77/CHINA.



Cornelia Quennet-Thielen (Germany) chaired informal consultations on the issue and presented a draft decision (FCCC/SB/1998/CRP.3) in a joint SBI/SBSTA plenary on Tuesday, 10 November. The G-77/CHINA opposed text on crediting for AIJ pilot phase projects and proposed an amendment on continuing the AIJ pilot phase, focusing on developing countries. The US and SLOVENIA opposed the change, noting it excluded certain groups of Parties. AUSTRALIA said incentives were needed for the private sector. The draft decision was forwarded to the COP plenary.

During the final plenary, the draft decision on AIJ was adopted without discussion (FCCC/CP/1998/L.20). The decision continues the AIJ pilot phase, invites Parties to make submissions on projects and begins a process of review to enable a decision to be made by the end of the present decade.

PREPARATIONS FOR COP/MOP-1: On Thursday, 5 November, the SBI and SBSTA discussed preparations for the first session of the Conference of Parties serving as the Meeting of the Parties to the Protocol (COP/MOP-1). The Chairs introduced their draft decision (FCCC/CP/1998/3) and invited comment. SAUDI ARABIA said preparations were needed for all Protocol articles, not just the flexibility mechanisms. He stressed that Protocol Articles 3.14 and 2.3 (adverse effects) had not been adequately addressed. He suggested convening a separate contact group, discussing the issues in the contact group on FCCC Articles 4.8 and 4.9 or in the one on flexibility mechanisms. VENEZUELA, BANGLADESH, the UNITED ARAB EMIRATES, IRAN, SYRIA, KUWAIT, LEBANON, NIGERIA, THE GAMBIA, ECUADOR, ALGERIA, MOROCCO and INDONESIA supported SAUDI ARABIA.

SWITZERLAND supported the draft decision, but suggested amendments to the timeframe and scope of work. The US proposed amending the decision to reflect the differing legal status of the Convention and the Protocol. The EU, supported by MONACO, noted the need to specify ways to facilitate cooperation and stressed coordination of IPCC and FCCC activities through a joint working group. He proposed establishing a compliance mechanism and scheduling a meeting for early 1999. JAPAN noted the need for time for consultation and difficulties in combining ongoing work under the FCCC and the Protocol. He opposed deadlines for setting compliance procedures until the mechanisms were elaborated. CANADA called for a balance between the Convention and the Protocol and said Protocol issues needed attention to expedite ratification.

The Chair said Protocol Articles 2.3 and 3.14 were within the scope of work of the contact group on FCCC Articles 4.8 and 4.9 (adverse impacts). The contact group would determine its own agenda. KUWAIT, NIGERIA and SAUDI ARABIA sought a clear mandate for the contact group to consider Articles 2.3 and 3.14. The US, JAPAN and AUSTRALIA said Decision 3/CP.3, which specified the mandate of the contact group, did not require specific consideration of Articles 2.3 and 3.14. The EU said the issue merited discussion, but it was unnecessary to highlight specific articles.

The Chair said no separate contact groups would be established. SAUDI ARABIA called for a work plan and timeline on Article 3.14 for COP/MOP 1, and said progress on Article 3.14 should follow an approach similar to Protocol Articles 6, 12 and 17 (flexibility mechanisms). The Chair indicated that no work plan or timetable for any of the articles in question would be developed, but these items would be explored because they are linked.

Espen Rønneberg (Marshall Islands) chaired informal consultations and reported on Tuesday, 10 November, that no progress was made due to time constraints. He offered an informal paper with an annex containing an initial list of work. Co-Chair Chow suggested further deliberations. SAUDI ARABIA said he would accept this on the condition that the issue of Protocol Articles 4.8 and 4.9 (adverse effects) be resolved at COP-4. The Co-Chairs forwarded the paper to the COP.

MAURITANIA and the Co-Chairs proposed a draft decision urging Parties to sign and ratify the Kyoto Protocol. JAPAN recalled that the draft decision on Article 4.2(a) and (b) contained a bracketed sentence urging Parties to ratify. The US said it was not in a position to urge ratification and suggested postponing the decision. The draft decision was forwarded to the COP.

The draft decision on the preparations for COP/MOP-1 was accepted with two minor changes to the annexes (FCCC/CP/1998/L.19). The decision focuses on a work plan that includes allocation of preparatory work between the subsidiary bodies and a list of tasks assigned to Conference of the Parties serving as the Meeting of the Parties.

PRESIDENTIAL CEREMONY

The Presidential Ceremony was held on Wednesday, 11 November. On behalf of UN Secretary-General Kofi Annan, Nitin Desai, Under-Secretary-General for Economic and Social Affairs, said the Kyoto Protocol offered a sustainable path for industrialized countries and demonstrated shared stewardship for the planet. He underscored the need for early ratification of the Protocol and action on issues including technology transfer, domestic measures and scientific research. He called for a new deadline to maintain momentum and pledged UN support.

Carlos Menem, President of Argentina, said the Protocol had been approved by the Senate of Argentina and was under consideration in the lower house. He emphasized a clean growth strategy. At COP-5, Argentina will make a commitment to lower emissions for the period 2008 to 2012. Countries were to be permitted, he said, "to find a new way under the Convention."

Delegates heard reports from the Chairs of SBI and SBSTA on decisions adopted and outstanding issues. The COP-4 President proposed to convene a group of "friends of the president" at the ministerial level to address the outstanding issues from the SBI and SBSTA. Executive Secretary Michael Zammit Cutajar informed delegates that Jordan had offered to host COP-5. He said a final decision had not been reached because financial matters were under discussion.

TURKEY said it had presented the FCCC to Parliament for ratification. However, its Annex I and II status did not conform to the country's economic circumstances. She requested resolution of this issue at COP-5. LIBYA expressed hope that the international community would prevent adverse economic impacts from response measures. Sanctions that violate international agreements have impeded environmental improvements to oil production facilities.

Delegates heard statements from the following intergovernmental organizations: the World Meteorological Organization; the United Nations Industrial Development Organization; the United Nations Development Programme; the United Nations Environment Programme; Parlamento Latinoamericano; the World Bank; UNESCO; IPCC; the Latin American Energy Organization; OECD; and the International Energy Agency.

Non-governmental organizations (NGOs) addressing the COP were: Foro del Buen Ayre; Global Legislators Organization for a Balanced Environment; the International Confederation of Free Trade Unions; the International Chamber of Commerce; the World Business Council for Sustainable Development; the International Council for Local Environmental Initiatives; the Argentine Mayors' Environmental Forum; Klima-Bündnis (Climate Alliance); Climate Action Network – Latin America; IUCN; the Business Council for Sustainable Energy; the European Business Council for a Sustainable Energy Future; Climate Network – Europe; and Franciscans International.



HIGH-LEVEL SEGMENT

The High-Level Segment was held on Thursday, 12 November. The ministers presented overviews of domestic actions on climate change and called for enhanced progress at the COP to ensure ratification of the Kyoto Protocol. They expressed their sympathy for the victims of Hurricane Mitch. FRANCE announced the cancellation of Honduras' and Nicaragua's debt.

Argentine President Carlos Menem said that at COP-5 Argentina will make a commitment to lower emissions for the period 2008 to 2012. Countries were to be permitted, he said, "to find a new way under the Convention." KAZAKSTAN expressed willingness to undertake obligations and enter into Annex B of the Kyoto Protocol through Annex I of the FCCC. NEW ZEALAND, the RUSSIAN FEDERATION and the US supported the Argentine voluntary commitment. With the US and HUNGARY, AUSTRALIA called for meaningful participation and future voluntary commitments appropriate to individual circumstances and with QATAR, NORWAY, PERU and SENEGAL stressed the principle of common but differentiated responsibilities.

AOSIS noted the inadequacy of the commitments and efforts to implement them under the Protocol and the FCCC. He said the Argentine voluntary commitment must not be allowed to detract from the commitments of Parties in the Protocol. CUBA, QATAR and SAUDI ARABIA opposed any attempt to compel developing countries to take on "voluntary commitments." The REPUBLIC OF KOREA recognized that voluntary commitments was a sensitive issue, but there would be a need for global participation over time. BOLIVIA stressed that substantive participation of non-Annex I Parties should be based on the principle of sovereignty and right to self-determination and that their emissions limits cannot constitute a precedent nor commit others to emissions limitation targets. MALAYSIA expressed regret over the continued discussion on voluntary commitments. ETHIOPIA said pressure for voluntary commitments would undermine the FCCC process.

The US, THAILAND, PERU and TUVALU announced their signature to the Kyoto Protocol. TRINIDAD and TOBAGO, on behalf of CARICOM and HAITI, said BAHAMAS will sign the Protocol this week. MICRONESIA, ITALY, CHILE, LITHUANIA, CYPRUS and the SOLOMON ISLANDS stated that they were in the process of ratifying the Protocol. JAPAN and SLOVENIA called for the early signing and ratification of the Protocol. KAZAKSTAN expressed willingness to undertake obligations and enter into Annex B of the Kyoto Protocol through Annex I of the FCCC.

A number of speakers, including the EU, THE GAMBIA, JAPAN, SWEDEN, SYRIA, CROATIA, NEW ZEALAND, RUSSIAN FEDERATION, EGYPT, NEPAL, SPAIN, GHANA and the G-77/CHINA, stressed that: active leadership to prevent global warming must come from developed country Parties; domestic action must provide the main means for meeting commitments to combat climate change; and flexibility mechanisms were supplemental and their use must be subject to strict rules of accountability and compliance. PERU said the inaction of developed countries sends dangerous signals to non-Annex I countries. NORWAY said developed countries must accept even more ambitious targets in the future. Recognizing the vulnerability of small island States, NEW ZEALAND called for support to AOSIS.

FRANCE noted that developing country emissions are increasing and called for timely provision of financial support and technology transfer. With ECUADOR, FINLAND, the CARICOM States, THE GAMBIA, VENEZUELA, CHINA, ECUADOR, BENIN, TANZANIA and UGANDA, he highlighted the need for additional financial support, sustained transfer of information and technology, capacity building and institutional strengthening. SUDAN stressed technology transfer irrespective of political relations or racial consid-

erations. NORWAY recognized the role of industry in technology transfer. The NETHERLANDS highlighted the need for increased financial flows to the most vulnerable countries.

The UK and GHANA said scientific uncertainty should not be used as an excuse for inaction. DENMARK called for a Buenos Aires deal that calls upon developed countries to commit themselves to provide additional funds to developing countries and address their obligations under the FCCC and the Protocol. In return, developing countries must agree to work out the necessary national strategies to allow for a constructive review process. AOSIS called for a clear and ambitious timetable to elaborate the Protocol. The G-77/CHINA said their participation in mitigating climate change depends on the effective implementation of developed country Party commitments in the field of technology transfer and financial resources. JAPAN and the EU stressed the need to maintain the momentum of Kyoto, and with FINLAND, called for the creation of a clear and efficient work plan giving priority to developing country concerns. LATVIA supported the EU proposal for a Buenos Aires work plan.

GHANA said the challenges of climate change mitigation and adaptation present an additional burden to developing countries and with the CARICOM States, ICELAND, AUSTRALIA, the US, SAUDI ARABIA, NEW ZEALAND and the G-77/CHINA, called for elaboration of mechanisms under the Kyoto Protocol. The CENTRAL AMERICAN STATES stressed the importance of sinks and supported the G-77/China proposal to prioritize the CDM and operationalize it by 1 January 2000. With CHILE, he proposed an interim phase of the CDM. IRELAND supported the EU call for clear qualitative and quantitative ceilings on the use of the flexibility mechanisms. The COOK ISLANDS, MARSHALL ISLANDS, NAURU, NIUE, TUVALU, ALGERIA and the CARICOM States expressed concern that the flexibility mechanisms are a way of avoiding domestic responsibility. THAILAND said the CDM should not be the sole means of technology transfer.

The SEYCHELLES expressed concern that vulnerable nations that are insignificant on the global stage may be excluded from programmes such as those under the flexibility mechanisms. THAILAND supported North-South and South-South partnerships based on equity and the principle of common but differentiated responsibility. SPAIN called for progress on developing a process of technology transfer and efforts to address the issue of public awareness and education. FRANCE called for a common approach to collective measures and said mechanisms should be based on a reliable system of compliance that includes sanctions. CROATIA said the flexibility mechanisms must be equitable, i.e., open, transparent, verifiable and non-discriminatory. EGYPT emphasized the equal treatment of the three flexibility mechanisms and suggested that part of the proceeds from these mechanisms be mobilized to finance the transfer of adaptation technology for developing countries. BRAZIL underscored the CDM as a means of inducing new and mostly private investment, and suggested that it be project-based and include all countries. CANADA described the CDM as a "win-win-win mechanism," i.e., win for the environment, win for sustainable development and win for the developed countries, as they would be able to meet the Kyoto Protocol targets. VENEZUELA said CDM projects must ensure net contribution to sustainable development in the host country, avoid hidden costs, and use project-based rather than sectoral or national baselines to avoid future imposition of targets.

ARGENTINA said emissions trading was an innovative solution to market failure. POLAND called for final decisions on the mechanisms at COP-5 and proposed a pilot phase for emissions trading. The REPUBLIC OF KOREA opposed any limits on the CDM. MEXICO stressed open criteria and a progressive approach to the CDM that could foster immediate and simple actions without artificial limits, not contained in the Protocol. BOTSWANA emphasized the role of the CDM in assisting developing countries and urged progress on elaborating this mechanism. MOROCCO said the imbalance of projects



under the AIJ pilot phase was inequitable and ZIMBABWE recommended its extension. MALAYSIA called for the incorporation of technology transfer and the financial mechanism into the Protocol mechanisms.

GREECE supported agreement on clear principles, modalities, rules and guidelines for the flexibility mechanisms, including ceilings on their use. SOUTH AFRICA supported development of a clear programme of work, establishment of an intersessional working group and a timeframe to ensure the Kyoto targets are met. UKRAINE stressed establishment of a work programme for implementation of Kyoto obligations by Annex I Parties. He said revival in transition economies will lead to inevitable increases in GHG emissions, but these countries will achieve internal reductions. He opposed the "revision" of decisions taken at Kyoto.

Several Parties, including DENMARK, VENEZUELA, POLAND, AUSTRALIA, FRANCE, the EU and the US, called for the establishment of a coherent, effective and strong compliance system. The G-77/CHINA called for a decision on compliance at COP-4. GERMANY suggested a ceiling for mechanisms and, with FRANCE, supported the inclusion of sanctions in the compliance system.

The RUSSIAN FEDERATION opposed attempts to qualify its emissions reductions as "hot air," since they compensate for emissions increases of other countries, and have been paid for by a decline in living standards. BRAZIL and KENYA called for further discussions on the adverse impacts of climate change. Supported by MEXICO, BHUTAN and ICELAND, COLOMBIA called attention to sinks under the Protocol and underscored the elaboration of methodologies. ICELAND underscored the proportional impact of single projects on small economies.

With BENIN and ZIMBABWE, CHINA cautioned against the COP losing focus on the Convention. He opposed the argument that a global problem demands a global response and rejected emissions reduction or limitation conditions. SWEDEN urged delegates to work to increase awareness, understanding and support for change and, with FINLAND, applauded the role of NGOs in the environmental agenda. VENEZUELA cautioned against allowing distractions from the main issues by discussing items not on the COP-4 agenda. ECUADOR supported closer coordination with other UN Conventions, particularly the Convention on Biological Diversity. NEPAL stressed regional environmental cooperation and opposed undue limits on energy consumption.

KENYA called for GEF support in facilitating the CDM and implementing adaptation measures. THE GAMBIA called for membership of the Multilateral Consultative Committee and participation in the CDM on an equitable geographical basis. SENEGAL said the debt burden was a serious hindrance to sustainable development and the marginalization of Africa made equity a particular concern. INDIA stressed the distinction between luxury and survival emissions. ZAMBIA said climate change programmes should be linked to poverty eradication. Recognizing that the lack of multilateral financing constitutes a major obstacle to implementing the Convention and noting the slow and complex process to access GEF funds, DJIBOUTI supported the establishment of an independent financial mechanism to finance the CDM for poor countries.

BURUNDI underscored the need for improved access to technological information and knowledge and capacity building, especially for African delegates participating in the climate change process. CÔTE D'IVOIRE stated that the CDM should not be a substitute for official development assistance or support from the GEF. SWITZERLAND called for coordination between various international environmental agreements, particularly the Montreal and Kyoto Protocols. PARAGUAY highlighted its interest in the potential of the flexibility mechanisms.

CLOSING PLENARY

The final plenary of COP-4, originally scheduled for 3:00 pm on Friday, 13 November, did not begin until 6:00 am on Saturday, 14 November. In the interim hours, selected delegates retreated into closed high-level negotiations, informal consultations, regional meetings and "friends of the President" sessions. Many delegates remained in the plenary hall and corridors waiting for indications of progress and commencement of the final plenary.

Once the plenary finally began, the COP-4 President called on Parties to adopt a draft resolution expressing solidarity with Central America in light of the recent tragedy (FCCC/CP/1998/L.17). NICA-RAGUA thanked the Parties for their support and noted that the region will require continued support. President Alsogaray announced the receipt of national communications from Armenia, Kazakstan and Indonesia and the signature of the Kyoto Protocol by the US. The total number of signatories currently stands at 60.

On the adoption of rules of procedure, she informed the meeting that no progress had been made on the issue and the draft rules (FCCC/CP/1996/2) will continue to apply as before. Regarding election of officers, consultations held by the Chairs of the subsidiary bodies with the regional groups resulted in the nomination of the Central African Republic as Vice Chair of SBSTA and Switzerland as Vice Chair of SBI, to be followed by Iran.

JORDAN reconfirmed its offer to host COP-5 and said it had already begun negotiations with the Secretariat on arrangements. He requested the President to ask the Executive Secretary to continue discussions with Jordan with a view to reaching a decision by 11 December. The proposal was accepted.

Delegates adopted ten decisions on outstanding issues. They also adopted a "Plan of Action," under which Parties declared their determination to strengthen the implementation of the Convention and prepare for the future entry into force of the Kyoto Protocol. The Plan contains the Parties' resolution to demonstrate substantial progress according to the timeframes within the decisions on: the financial mechanism; the development and transfer of technology; the implementation of FCCC Articles 4.8 and 4.9, as well as Protocol Articles 2.3 and 3.14; AIJ; the mechanisms of the Kyoto Protocol; and the preparation for COP/MOP-1 (FCCC/CP/1998/L.23). The President indicated that the decision would convey a sense of coherence and balance.

COP Rapporteur Maciej Sadowski (POLAND) introduced the report of the COP (FCCC/CP/1998/L.6 and Add.1). It was adopted without amendment.

SWITZERLAND commented on the process of reaching these decisions. He said there was a significant lack of transparency in the manner in which the extended Bureau was set up. He remarked that although small working groups were necessary, the process of delegation to the working groups should be transparent and democratic. He stated there must have a clear mandate from the plenary. He called upon the Bureau and the Secretariat to draft a proposal to elaborate an open and interactive mechanism for establishing working groups.

The FCCC Executive Secretary referred to the Swiss statement and views expressed to him from environmental NGOs concerning the style of negotiations. He indicated that he wanted the process to be inclusive and promised to work on the issue. He also stated that the COP produced a solid plan of action and firm deadlines that will generate results over the next two years. COP-4 came to a close at 6:54 am on Saturday, 14 November 1998.



A BRIEF ANALYSIS OF COP-4

SOMETHING FOR EVERYONE IN BUENOS AIRES

Two distant, but intimately related, events during the Fourth Conference of the Parties in Buenos Aires, resulting in the Buenos Aires Plan of Action, will color the memories of most participants and observers. The first was the much anticipated decision by the host country to break ranks with most of its partners in the G-77/China and signal its willingness to undertake a binding commitment at COP-5 to abate its greenhouse gas emissions. The second event followed less than 24 hours later in New York with the United States' signing of the Kyoto Protocol. The moves in Buenos Aires and New York displayed all the choreography of a well executed tango with their timely cues and dramatic impact.

The United States and Argentina stole the show at a Conference marked by an apparent lack of ambition from the outset, with its focus on the production of a work plan to elaborate the provisions of the Kyoto Protocol and pursue the implementation of the UNFCCC. The key outcomes were determined during the final day of informal negotiations overseen by the COP President, Maria Julia Alsogaray, Secretary of Natural Resources and Sustainable Development of Argentina. Most countries were reduced to the role of onlookers sometimes locked out of informal meetings, a situation which provoked a rebuke by a Swiss delegation during the closing COP Plenary. Complaining about the lack of transparency, the Swiss delegate asked the Secretariat to ensure that there would be no repetition of the lock-out at future meetings. Much of the negotiation conducted before the arrival of ministers in the second week turned out to be little more than a dress rehearsal for the political decision making during the sometimes heated high-level exchanges. Some suggested that the President, by failing to seek and accept advice on issues, was ill prepared to cope with some of the complex dynamics of negotiations within the UN system.

This analysis will confine itself to a brief survey of the significance of the Argentina and US initiatives and an assessment of how the debate on the work programme became and was always destined to become more than an exercise in setting important deadlines.

At the meeting of the subsidiary bodies in Bonn in June, the Parties to the UNFCCC experienced a distinct loss of momentum as they stumbled over debates about priorities for the COP-4 agenda. A number of key issues up for discussion generated divergent views around their meaning and significance, not least a debate on the treatment of UNFCCC Articles 4.2 (a) and (b) on the review of the adequacy of commitments. Some of the flattening in momentum was also attributed to Decision 1/CP.3 from COP-3, which failed to provide clear guidance on what "must" be accomplished in Buenos Aires. Given this background it was probable that the hopes of some NGOs and Parties that substantive work would begin on elaborating principles for the operation of the "Kyoto Mechanisms" of the Protocol would be set back.

IT TAKES TWO TO TANGO: The United States' decision to sign the Kyoto Protocol after Argentina stepped out from the ranks of the G-77/China to take on a binding commitment must be seen in the context of one of the first debates of COP-4 – one that touched on a fault line running through the entire UNFCCC since 1995 when the G-77/China was fractured by a decision to establish the Berlin Mandate. As expected, despite overwhelming opposition at the subsidiary bodies meetings and a pre-COP meeting, Argentina placed an item on voluntary commitments for developing countries on the provisional agenda. COP President Maria Julia Alsogaray responded to G-77/China opposition by striking the item off the agenda and suggesting that informal consultations between interested countries proceed. It was later reported that such discussions between Annex I and non-Annex I countries had taken place. The United States led the support for informal consultations.

With Argentine President Carlos Menem's announcement, during the second week of the COP, that Argentina would undertake a voluntary commitment to abate its GHG emissions at COP-5, the host country took a further step towards meeting Washington's requirements. At a press briefing Wednesday evening, Eizenstat called President Menem's decision "historic" and signaled that Argentina's undertaking to assume a voluntary commitment at COP-5 constituted the kind of "meaningful participation" by a developing country that is a precondition for US ratification of the Protocol. Most significantly, perhaps, Eizenstat echoed President Menem's view that "new pathways" to allow developing countries to become full partners will have to be found. One NGO observer suggested Argentina's decision was the most significant development on voluntary commitments because it opened up the prospect of a new negotiation process to allow a developing country to accept binding commitments. It is understood that nobody, including the Argentine government, has worked out the exact modalities or even the general framework for this groundbreaking procedure.

The Argentine announcement immediately fed speculation about US plans and within 24 hours the US signed the Kyoto Protocol in New York. The significance of the timing is best observed in the remarks of US Senator Chuck Hagel following the US decision. He said: "In signing the Kyoto Protocol, the President blatantly contradicts the will of the US Senate. The Byrd-Hagel Resolution, which passed 95-0 in the Senate last year, was very clear and bipartisan. It explicitly stated that 'the United States should not be a signatory to any protocol' that excludes developing countries from legally binding commitments or that causes serious harm to the US economy." Arguably, President Bill Clinton believes that the Argentine development has begun to dismantle his opponents' argument that developing countries are excluded from legally binding commitments. At the close of COP-4, Stuart Eizenstat hinted that further announcements of developing country commitments can be expected. When asked to identify Parties who might assume voluntary commitments, he said the small island States of Niue and Nauru had expressed interest in a greater level of engagement with the climate change regime. At the close of the COP, President Alsogaray reported that countries from both Latin America and Africa had also expressed interest in Argentina's approach.

The COP President's determination to facilitate informal consultations on the issue of developing country commitments in the face of stiff opposition from within her country group (G-77/China) demonstrated a single mindedness that attracted much criticism. Argentina's ambition is linked, in part, to its candidature for membership of the OECD and close links between Presidents Menem and Clinton. In pre-Kyoto bilateral negotiations, both men addressed Joint Implementation and credits. As the host country and close US ally, Argentina was perfectly situated to break from the ranks of the G-77/China and both facilitate and accelerate an evolution in the UNFCCC process, which has been paralleled by growing interest in the developing world in the CDM.

One of the architects of the Kyoto Protocol has suggested that the language of "voluntary commitments" may not survive because the terminology has become tainted by the contentious debate between the Umbrella Group (Japan, US, Switzerland, Canada, Australia, Norway and New Zealand (JUSSCANNZ) and Russia) and the G-77/China over developing country commitments. "Voluntary commitments" remains a source of profound and polluting suspicion within the process. In much the same way as the loaded language of "flexible mechanisms" has given way to the term, "Kyoto Mechanisms," observers believe that the term "voluntary commitments" may disappear from the discourse of the climate change regime to be re-cast in more acceptable language. Some countries, such as Indonesia and the Republic of Korea, displayed more willingness to contemplate new commitments before the United States and JUSSCANNZ transformed the issue into a *cause celebre*.



GREAT EXPECTATIONS: There was an expectation in some quarters that COP-4 would be a relatively straightforward, business-like meeting where some of the principal decisions would be no more contentious than setting tight deadlines for a work programme, notably for the elaboration of the "Kyoto Mechanisms." One EU participant commented: "In retrospect the COP should not have been about winning things, but about getting on with the job." For a number of reasons this was not to be. The attempt by Argentina to place voluntary commitments for developing countries on the COP-4 agenda on day one set a tone of suspicion at the outset. Developing countries raised their guard against any hint of new obligations or associated conditionalities. This contributed to the deadlock in the debate on the review of the adequacy of UNFCCC commitments (Articles 4.2 (a) and (b)), forcing a postponement of the issue. The G-77/China continues to view the inadequacy of commitments in terms of the poor performance of Annex-I Parties, while developed country Parties insist that the problem is a lack of global participation, particularly by key developing countries such as China and Brazil. Moreover, the nature of the COP-4 agenda presented a compelling opportunity for the G-77/China to maximize its leverage to secure concessions, notably within the UNFCCC-related agenda items such as technology transfer, finance and capacity building and by creating a *quid pro quo* between these issues and its cooperation on the work plan for the elaboration of the Kyoto Mechanisms. This, in part, resulted in a round of "hostage taking" at the final session of the SBI when Parties withheld support for a number of key elements in draft decisions and exchanged brackets. The imminent arrival of ministers further contributed to the drive to hold back on agreements. The linkages between the demands by the G-77/China for financial and technical assistance, associated with a desire to remain free of any attempt by developed countries to build in conditionalities that might draw them into new commitments, led to unusually complex linkages. Right up to the closing hours of the negotiations on Saturday morning, for example, there were long and difficult exchanges on what turned out to be a win for the G-77/China on GEF funding. The debate about adverse impacts and compensation (Articles 4.8 and 4.9) also became tied up in the package. The OPEC countries tried and failed to link Articles 4.8 and 4.9 and associated Kyoto Protocol measures to an EU drive to include policies and measures in the work programme.

The resulting exchanges between negotiators were described as "confrontational in a mild form" but, all in all, a wasted opportunity. Parties came away with a positive outcome that indicates a clear desire to move forward with a plan of work. The task of agenda setting turned into a complex attempt to anticipate important debates and exercise leverage. Expectations that substantive work during the COP over priority issues such as CDM were thus frustrated.

CONCLUSION: It is difficult to categorize COP-4 as a clear success or failure. The outcome contains a number of wins for the G-77/China, such as useful gains on technology and finance issues. Both the EU and the Umbrella Group (for which the US acted as spokesperson at the final round of high-level negotiations) had reasons to promote such an outcome. The EU was conscious of the lack of attention paid to G-77/China demands in Kyoto and made serious efforts to address them in Buenos Aires. The Umbrella Group had a strong interest in moving quickly on the elaboration of guidelines and principles for the flexibility mechanisms. With the prospect of Argentina's voluntary commitment at COP-5, the US has begun to see the results of its strategy to create conditions for the evolution of the UNFCCC/Kyoto Protocol process and mechanisms. The inability to reach agreement in the subsidiary bodies and the consequent need for high-level political decision-making once again underlined the inadequacy of the existing processes to resolve the complex issues at stake. One modest response to this situation was a decision to make greater use of intersessional ministerial meetings, an indication that the Kyoto Protocol is destined to absorb the time and energy of political administrations throughout the world.

Speaking at COP-3, UNFCCC Executive Secretary Michael Zammit Cutajar said the key test for Kyoto Protocol process would be its ability to send a powerful economic signal to policy makers and the markets. Regular ministerial engagement with the process suggests that the political signal is gaining strength. Industry representatives at COP-4 reported that there is evidence, too, that the economic signal is penetrating new business and industry constituencies who are responding with greater pragmatism and increasing interest in identifying business opportunities. In the final analysis, the significance of this meeting may not lie in the specifics of the Buenos Aires Plan of Action but in the fact that despite their vastly differing positions delegates remained committed to restoring the momentum of the process by embracing the discipline of self imposed deadlines.

THINGS TO LOOK FOR

FCCC SUBSIDIARY BODIES: The FCCC Subsidiary Bodies will meet from 31 May – 11 June 1999 in Bonn, Germany. Jordan has expressed an interest in hosting COP-5, which will be held from 25 October – 5 November 1999. For more information contact the FCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.de; Internet: <http://www.unfccc.de>.

INDUSTRIAL COOPERATION, MARKETING, INNOVATION AND BUSINESS OPPORTUNITIES FOR RENEWABLE ENERGY: This seminar will meet from 22-28 November 1998 in Brighton, UK. It is sponsored by the Commonwealth Science Council, Elsevier Science Ltd., Overseas Development Organization, UNESCO, the World Energy Council, and the World Renewable Energy Network and will examine the role of renewable energy systems in meeting the world energy demand for electricity. For more information contact: A.A.M. Sayigh, Director General of World Renewable Energy Network; tel: +44 1189 611364; fax: +44 1189 611365; e-mail: asayigh@netcomuk.co.uk.

CLIMATE CHANGE IN THE INTRA-AMERICAS: VULNERABILITY, ADAPTATION, AND MITIGATION CONFERENCE: The Organization of American States will co-sponsor the international conference "Climate Change in the Intra-Americas: Vulnerability, Adaptation and Mitigation," along with the US EPA, the Climate Institute, and the International Hurricane Center. The event will be held at Florida International University in Miami, from 30 November - December 4, 1998 (two days of training workshops and three days of conference with breakout sessions). For more information see <http://www.cpacc.org/infoev.htm>, or contact Sheryl Onopchenko, OAS; tel: +1 202 458-3552.

IEA INTERNATIONAL WORKSHOP ON TECHNOLOGIES TO REDUCE GREENHOUSE GAS EMISSIONS: This workshop, co-sponsored by the International Energy Agency and the US Department of Energy, will be held 4-6 May 1999 in Washington, DC. For more information, contact: John Newman, International Energy Agency; tel: +33 1 40 57 67 15, fax: +33 1 40 57 67 49, e-mail: john.newman@iea.org or Jeffery Dowd, US Department of Energy; tel: +1 202 586-7258; fax: +1 202 586-4447; e-mail: jeff.dowd@hq.doe.gov.

AIR POLLUTION CONFERENCE: The International Conference on Modelling, Monitoring and Management of Air Pollution will be held from 27-29 July 1999 in San Francisco, USA. For more information contact: the Conference Secretariat, AIR POLLUTION 99, Wessex Institute of Technology, Ashurst, Southampton, SO40 7AA, UK; tel: +44 (0) 1703 293223; fax: +44 (0) 1703 29285; e-mail: wit@wessex.ac.uk; Internet: <http://www.wessex.ac.uk>.