

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records
Subgroup/Office of Origin: Office of Environmental Initiatives
Series/Staff Member: Roger Ballentine
Subseries:

OA/ID Number: 19509
FolderID:

Folder Title:
Climate Change International COP 5 [Conference of the Parties]

Stack:	Row:	Section:	Shelf:	Position:
S	61	7	11	3

3

8 June 1999

To: Please see Attached List

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

Subject: Supplement to Climate Change Update No. 7 for June 7/8, 1999

Attached are additional and more detailed reports on the various meetings and contact groups which took place on June 7/8. The reports are as follows:

- (a) A report on the contact group meetings on June 7 involving non-Annex I communications prepared by Treasury's Michael Colby; and,
- (b) Notes on the June 8 SBSTA meeting on bunker fuels prepared by DOT's Kevin Green.

These reports should be read in conjunction with the regular climate change update Number 5 for June 3-4 and Number 6 for June 5-7, 1999.

Notes by: Michael Colby, US Treasury/OASIA

**Contact Group -- Non-Annex I National Communications, cont.
June 7, 1999 (SBI-10 Item #4)**

Discussions outside the Non-Annex I Contact Group

The EU (Germany, Netherlands, UK), and some of the other Umbrella Group Members (AUS, NZ, CAN) felt that unless someone presented some alternative text to the Contact Group today, it would be too late to do so, and the discussion would never get into any alternatives to several aspects that we do not like in the G-77/C draft text. Germany and the EU therefore drafted a text, using much of our previous draft language (not all, but enough so that all of our issues were raised, after a couple of meetings to discuss today). UK and GER seem more reluctant than the US and AUS/NZ to the G-77/C's proposal for a Non-Annex I Experts Group, and phrased the language so that any such group should include experts from Annex I as well, and its task would be to focus on the technical assessment of the non-Annex I communications after they are received.

Contact Group meeting #3, 6-7-99

The South African co-chair was tied up in the LU/LUCF contact group, so Dan Reifsnnyder chaired the meeting. The UK presented the EU proposal. The chair opened the floor to either comments on the UK paper, or responses by the G/77 to questions asked of it last Friday to flesh out their proposal for the Experts Group, etc. The G77, with the exception of the representative from Togo, chose to pick apart the EU proposal, with Bernadidas (Phil.) challenging something in every single paragraph -- even items that were intended as olive branches. John Ashe (ANTIGUA) focused on problems he perceived with the language on using the IPCC to advance work on emissions factors, and the consistency of the proposal for activities for interim funding (between first and second communications) with previous COP decisions. Mexico was the only other G77 speaker, with a brief, mixed statement. Togo's representative listed about 8 or 10 things he personally thought the Expert Group could do, and also opposed the IPCC role on factors. It was clear, though, that the rest of the G77/C was not prepared to flesh out their proposal from last Friday. Switzerland and US were only other Annex I speakers, generally supportive of the UK proposal for getting the important issues out on the table.

The struggle for control of the agenda has been joined. The issues are now pretty open. The Contact Group plans to meet again Tuesday afternoon, but it is not clear whether they will be able to meet again after that. The next step may be for the co-chairs to draft a synthesis proposal, but there are two proposals on the table, with some elements that may be possible to resolve, and others looking less likely at the moment.

5

Notes from SBSTA Meeting 10, Agenda Item 5.b—Bunker Fuels

June 8, 1999

Prepared by Kevin Green, DOT

Mr. José Romero (Switzerland) has been conducting informal consultations on international bunker fuels since the June 1 SBSTA plenary. Participants have included Australia, Austria, Germany (for EC), Finland, Greece, Japan, Korea, the Netherlands, Panama, and Saudi Arabia.

On June 3, Mr. Romero provided draft conclusions that summarized points discussed during the plenary, sought comments on the IPCC report by July 15, called for consideration of allocation during SBSTA 11 (aimed at a decision by "COP XX"), urged ICAO and IMO to accelerate their work, encouraged domestic efforts to reduce emissions from "aviation and shipping" (and encouraged reporting on these efforts), and invited the secretariat to explore ways to better link ICAO, IMO, and SBSTA—perhaps through a joint working group and a joint expert workshop.

Our comments on this draft called for deletion of the paragraph on allocation, and for a simple focus on information exchange between ICAO, IMO, and SBSTA (i.e., no joint working group or new workshop). We also proposed insertion of text calling on Parties to provide support to ICAO and IMO for efforts responding to Article 2.2.

A June 4 meeting to discuss comments on this first draft by Mr. Romero was postponed because Saudi Arabia was not present. We did, however, receive written comments from several Parties, all of which called for a deletion of the language that would have set a specific target date for a decision on the allocation issue. Australia called for a strengthening of language on domestic action. Germany (for the EU) sought a SBSTA decision on the IPCC report, and a focusing of the call for domestic action toward international emissions. Japan suggested delaying consideration of allocation until after ICAO and IMO complete their work. Korea sought some refocusing toward methodologies and data, and reminded SBSTA of the need to respect the role and decisions of ICAO and IMO. Saudi Arabia recommended deletion of essentially all text going beyond simple recognition that Parties received information from ICAO and IMO and are encouraged to comment on IPCC's report.

Mr. Romero distributed a second draft on June 5, but not in time to schedule a follow-up consultation that day. This draft partially addressed our comments, but still called for a draft decision on the IPCC report at COP 5 and encouraged domestic efforts to reduce emissions. It also added a request that Parties comment by July 15 on a draft informal paper on bunker fuel data collection and reporting, which was prepared for the secretariat in May by Det Norske Veritas (DNV). The second draft also requested Parties to provide comments on the bunker fuels issue (and the IPCC report) by August 16 for incorporation into a miscellaneous document.

We prepared a redline/strikeout of this second draft, but did not submit a hardcopy. An informal consultation was held on June 7. Virtually all comments were by Germany, Saudi Arabia, and the U.S.

We sought an additional two months to review the DNV draft, questioned the intended scope of SBSTA 11 consideration of "this issue," proposed deletion of language seeking a draft decision at COP 5, pointed out that paragraph 4 of decision 2/CP.3 applies to reporting requirements, advised against asking Parties to submit views on allocation at this time, proposed deletion of language encouraging domestic efforts to reduce emissions (based on inappropriate sectoral focus), and expressed our hesitation to establish a concrete timeline right now for a decision on allocation.

Saudi Arabia's request for a structural separation of summary remarks and operative conclusions was well-received. Saudi Arabia also said it did not have a copy of the DNV draft, questioned both its basis and the manner in which it was released, and wondered if its consideration could be delayed until SBSTA 12 so that Parties would have more time for review. Saudi Arabia indicated that consideration of allocation would be premature, and was generally reluctant to prejudge SBSTA 11 products. Saudi Arabia suggested that SBSTA's consideration of allocation and targets would exceed its mandate under decision 2/CP.3.

The secretariat suggested that even if a technical paper could not be completed by SBSTA 11, an updated copy of the DNV report could still be made available at that time.

Germany (for the EU) continued its push for a decision on the IPCC report at COP 5 (Australia asked what such a decision might contain), acknowledged that decisions on limitation or reduction belong with ICAO and IMO, asserted that consideration of allocation and targets would be responsive to decision 2/CP.3, and said that a decision on allocation (including the possibility of a decision not to allocate) needs to be reached before the commencement of negotiations on the second budget period.

Mr. Romero distributed a third draft on June 7, and requested written comments, with the hope that a follow-up meeting would not be required. Our comments suggest giving credit to ICAO for requesting the IPCC report and propose deleting both a paragraph urging domestic action and a paragraph requested that Parties submit their views on bunker fuels and the implications of the IPCC report. We suggest that the sectoral focus for encouraging domestic action is inappropriate, and that there is no mandate for the proposed submission of views.

At this point, the U.S. agency staff following this agenda item expect that another meeting will still be required if there is to be consensus on conclusions, but also expect that a second disruption today will mean that this cannot take place until June 9. A side event on aviation is scheduled for this evening.

3

9 June 1999

To: Please See Attached List

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

Subject: Update No. 8 for the Subsidiary Body Meetings of the
UN Framework Convention on Climate Change (June 8/9, 1999)

Attached is an unofficial and informal report on the tenth meetings of the Subsidiary Body on Implementation (SBI) and the Subsidiary Body on Scientific and Technological Advice (SBSTA) to the UN Framework Convention on Climate Change. These meetings are being held in Bonn from May 31 to June 12, 1999.

This report contains information on, and gleanings from, these meetings and related activities from the afternoon of Tuesday, June 7, through the morning session on Wednesday, June 8. Also included with this report is the latest issue of the ECO, a periodic publication by various environmental groups which is sometimes informative, often insulting, and generally anti-U.S., along with the copy of the Earth Negotiations Bulletin which tries to keep tabs on the open sessions and which should be read as a complement to our reporting.

A supplement (entitled Supplement No. 8) to this report contains additional, detailed reporting on recent events and meetings. It should also be read in conjunction with this Update.

Although unclassified, this report is not intended for use, distribution, or discussion outside of the U.S. Government.

6/

9 June 1999

Subject: Climate Change Update No. 8 on the SBI/SBSTA-10 Meetings in Bonn: Mechanisms Discussion Opens Smoothly with no Bombshells or Mud Slinging; Compliance Working Group Decides Dates for Next Submissions but Decision on Intersessional Gathering Blocked by G-77 (i.e., Saudi Arabia)

The Atmospherics

The atmospherics were moderate to calm throughout the day with windier weather expected to be in the forecast for late Wednesday and Thursday. Tuesday afternoon and evening saw continued work in both plenary and contact group sessions.

Intergovernmental Work Schedule: One Step Forward; Two Steps Back

Antigua/Barbuda's Ambassador John Ashe tried, without success, on June 8 to move the EU and JUSCANZ representatives towards accepting the G-77 proposals concerning the intergovernmental process, including the organization of COP-5 in October and timing of COP-6 in October/November 2000. A new draft proposal was circulated and discussed on June 9 with some compromise in the dates for the high level segment suggested. However, the G-77 is in considerable disarray on this issue, so that the spokesman for the group, Venezuela's Ambassador Herrera, frequently had to admit there was no G-77 consensus on the various points raised.

It does appear that COP-5 will start on October 25, although this agreement has not as yet been formalized. More concern is focused on the dates for the high level segment. Ashe proposed a compromise by suggesting that the high level segment will be held from Tuesday to Thursday, Nov 2-4, 1999. Everyone remains scattered on the page on this point.

It does appear broadly accepted that the plenaries will be oriented around two interactive discussions (or, "exchanges of view" to pacify those uncomfortable with the term "interactive"). Two topics were initially proposed: (1) national experiences dealing with climate change and best practices and their effects plus (2) the way forward: promoting implementation of the Buenos Aires Plan of Action and the early entry into force of the Kyoto Protocol. However, developing countries thought that "best practices" sounds patronizing. "Lessons learned" might be better. In addition, China has proposed adding a (3) third topic on reviewing progress towards achieving the Buenos Aires Plan of Action and issues for COP-6. In addition, it has been proposed that no general statements would be made by Parties, although this is still resisted by some countries.

The offer of the Netherlands to host COP-6 was warmly received, although the question of when (in late 2000 or early 2001) will be left open for decision at COP-5. Thus far, there has been nothing said about the Committee of the Whole issue. Herrera warned last night that the G-77 has strong views: no COW for COP-5; the matter for COP-6 can be decided at a later date. This tussle resumes at 6 PM on Wednesday.

(Comment: One can imagine all sorts of possibilities from the two interactive topics chosen – those dealing with ways forward and issues needed for COP-6. While we would have to be careful not to provoke any untoward or counter-productive reaction, the dialogue could be very interesting. End Comment.)

Compliance Update: Once Again, the Saudis are apparently Blocking Consensus

The compliance discussions moved along slowly during a June 8 meeting, with an August 1 date for the next due date for submissions tentatively agreed (this is in order to accommodate a demand by Saudi Arabia and others for papers to be prepared in all languages). Decision about accepting an EU offer to host an intersessional “informal discussion” on compliance was blocked by the G-77. Annex I wants these discussions to take place prior to COP-5; the G-77 insists that they take place after COP-5. Sensing that this would, in fact, imperil the likelihood for a compliance decision by COP-6 (especially if it is held in November 2000), AOSIS agreed with the position taken by the G-77 and then, in a move of startling clarity, indicated that it supported the EU/umbrella suggestion that the meeting be held prior to COP-5.

(Comment: We understand from the Chinese that the only G-77 member with strong views on the topic of the timing for the intersessional is Saudi Arabia. We will talk to Mohammad al-Sabban to try to change his views but we are not sanguine as to the prospects for success, given his negative and recalcitrant behavior. End Comment.

“The Mechanisms Discussion Have Begun”: End Comment!

After all of the delays by bomb threats and G-77/caucusing, the mechanisms discussion occurred in a session of the joint SBI/SBSTA working group on June 8. Although the G-77 (especially China and the group's spokesman on this issue, India) suggested that the new G-77/China “consensus paper” should serve as the basis for the discussion, the chairman of the Subsidiary Body on Scientific and Technological Advice, Chow Kop Kee of Malaysia, doggedly pursued his determination to follow the headings listed in the synthesis document.

These headings are somewhat controversial for some Parties, but Chow emphasized that he was using them for this discussion only for the sake of expediency. For the next composite text which he said he will prepare, he will use the headings agreed to by Parties at COP-4.

6

The discussion went on for several hours. It was stultifyingly boring and incomprehensible to anyone who did not have the voluminous synthesis papers, plus the G-77 text readily at hand. Much of the conversation involved Parties (usually the EU, the US, India, China, and a few others) identifying paragraphs from the multiple texts noting where there appeared to be convergence. Norway's Georg Borsting was a particularly brilliant practitioner of this verbal ballet. With little advance notice, he juggled paragraph numbers in a way which was admired by all of those who realized how difficult and tedious a task this was.

(Comment: Only two sections remain for discussion at the afternoon session of the joint working group on June 9. Both Saudi Arabia's al-Sabban and Venezuela's Herrera indicated that the G-77/China will now turn its attention to developing a group position on joint implementation and emissions trading. Al-Sabban implied that further discussion of these items in the SBI/SBSTA working group will have to await these results; Herrera indicated that he thought this discussion could go ahead, but without the participation of the G-77/China. Chairman Chow also told us on June 9 that this is his intention, although it will be interesting to see how this actually plays out when push comes to shove during the afternoon session. End Comment)

The Sinks Discussions: "Suddenly Afloat Again"

There has been some progress in the seemingly endless discussions on land use and land use change and forestry discussions (LULUCF). The proposed decision will recommend a workshop to study the results of the IPCC Special Report on Article 3.4 once this has been released. In addition, there appears to be a consensus agreement whereby data release would be linked to a decision-making framework. Also, there will be a recommendation made to the IPCC to get it started on methodology issues. Some additional new text will be submitted at the LULUCF meeting scheduled of June 9.

Bunker Fuels: Still Mired in Controversy but Light is Dawning

One of the more controversial issues with NGOs is the decision being proposed on bunker fuels. The ins and outs of the discussion are covered in reports by DOT and DOD in Supplements 7 and 8. Suffice it to note that Saudis, while they were our inadvertent allies in deleting specific references to allocation, are also obstructing any language referring to elements of the Kyoto Protocol, using the feeble argument that it has not entered into force. They explicitly said that Article 2.2 is one of the items that needs further work but was not captured in the Buenos Aires plan of action.

We have been accused by some of our NGOs of working in collusion with the Saudis and preventing consideration of the IPCC Special Report. We have denied this is the case, and pointed out that the one point where we called for deletion of a reference to this report was because of its inclusion in a paragraph which contained other unacceptable language. The fact that the Saudis supported us was not the result of any

collusion. The Saudis obviously saw this as in their best interests. We support the IPCC report and have moved that a reference to it be retained in an appropriate place in the report. We have spoken to Annie Petsonk of the EDF about our concerns and believe we have assuaged her for the moment.

NGO Meetings – Process, Compliance, Sinks, Budget and One Major Complaint are the Focus of Interest

At the Tuesday night meetings with environmental NGOs (about 16 U.S.-based NGOs are present), the major issues raised were bunkers (as noted), compliance, sinks and process issues. Unlike last Friday's meeting, the concern about compliance at this session was more in terms of where we see the process heading, rather than any specifics. NGOs were impressed with the progress made on the sinks issues and praised USDA's Margot Anderson and her team for their collective efforts. No mention was made about the data issue which had dominated last week's meetings. As noted in the section of sinks, this issue has apparently been resolved by the contact group.

The business NGOs (some 40 or so) raised a greater variety of issues. They were interested in how we see the process shaping out over the next few days. Don Pearlman asked about the compliance deliberations about an informal session and implied that he hoped this would be open to outside participants and observers. (In response, the reporting officer told him that that would depend on the nature of the meeting; some are for governments only; others are open to outside observers; some are sponsored by governments which have a big say as to who is invited; others are more open-ended as is the case with the current meetings.)

The business groups also expressed their deep concern over an NGO consultation meeting organized by the Secretariat on June 8 to discuss ways to "improve" relations with the NGOs and to "facilitate" their participation in the process. The Secretariat had attempted to bar many of the major groups from participation in this meeting (including both the GCC and the International Chamber of Commerce). We agreed that the Executive Secretary may have erred in convening a meeting at this time and will discuss the matter with Mr. Cutajar.

Side Events Proceeding Smoothly

David Doniger, Dick Morgenstern, Rick Bradley, and Jennifer Macedonia are among USDEL members who have been either speakers or presenters at various side events. Reporting officer will address a business group organized by the Business Council for Sustainable Energy tonight. Some of their reports on these events are contained in the supplemental to our periodic updates.

David spoke at an event last week on emissions trading, while Dick acquitted himself well at a panel hosted by Swedish Climate Action Network last night. On Monday, Jennifer Macedonia displayed her insights on the registries issue. She handled Jo Simons of the UK quite deftly when the latter challenged Jennifer's reference to the need to register the trades internal to the EU "bubble" under Article 4.

COP-4 Bureau Meeting

Under the Chair of COP-4 President Maria Julia Alsagaray of Argentina, the Bureau of COP met at noon on June 8. Nothing momentous emerged from the two hour conversation, other than to note that Saudi Arabia was represented by its chief delegate, Mohammad al-Sabban for the first time.

Dates were proposed for COP for meetings through COP-9 in 2003. (We mildly chastised our Bureau representative (Norway) for not making these conditional on the timing of COP-6.)

The Saudis continued their effort to slow down the process by insisting that documents all be prepared in six languages prior to meetings (a legitimate complaint but it was not made out of concern for non-anglophone representatives).

Kazakhstan was reported to have submitted its request to join Annex I in time for it to be considered at COP-5. Norway reported that this submission was made in accordance with the provisions of Article 4.2(g) of the Convention, a much easier notification process rather than the Article 5 amendment procedure which was contained in the initial letter we saw from Kazakhstan. (We will try to check this point with the Kazakhs if they are still in Bonn.)

Providing his report to the Bureau, SBSTA Chairman Chow expressed optimism that he would be able to get through all three of the mechanisms under discussion which would provide the basis for a new text. He was not challenged in either his assessment or his indication of future action.

The next Bureau meeting is tentatively planned for September 19 – the day before the informal ministerial being organized by Alsagaray in Warsaw, the seat of her heir apparent, the Polish Environment Minister.

9

Final Comment

We are not quite at the end game for this meeting. This will have to await the treatment of the remaining two mechanisms – joint implementation (JI) and international emissions trading (IET). However, there is acceptable progress on either key items of interest – technology transfer, sinks, bunkers, compliance and communications, so it appears likely that we will be comfortable in characterizing this conference as a success, despite the fits and starts on the mechanisms issue. However, these fits and starts have strengthened our arguments as to the need for an additional series of subsidiary body meetings in 2000, prior to hosting COP-6 in March or April of 2001. **End Comment.**

CLIMATE NEGOTIATIONS BONN MAY - JUNE '99 NGO NEWSLETTER

eeco



Eco has been published by Non-Governmental Environmental Groups at major international conferences since the Stockholm Environment Conference in 1972. This issue is produced co-operatively by CAN groups attending the climate negotiations in Bonn, Germany 1999.

Old, Boring, Ugly

It's no surprise that the nuclear industry has been sitting about the conference rooms, serving food and drink to unsuspecting customers. They're in search of credits for all nuclear-related projects - upgrades and modernization of nuclear plants to increase electricity output, relicensing of aged nuclear plants to extend their operating lives to up to 60 years, and construction of new nuclear plants. According to a presentation made today by the International Nuclear Forum, the nuclear industry is even asking for credits for any project initiated after 1990 - the same questionable approach that some want to apply to LUCF.

Armed with an annual budget of \$28.5 million, the Nuclear Energy Institute (NEI), the nuclear industry's trade association, has spent the past year priming the public consciousness for a nuclear comeback. The nuclear industry is avidly fishing for carbon credits, regardless of

whether or not their activities are actually additional. Recently, the NEI submitted a recommendation to the US Department of State, asserting that nuclear electricity "is, in and of itself, a method of abating greenhouse gas emissions, creating credits from a greenhouse gas-free electricity source."

The NEI also recommends transferring nuclear technology to developing countries to "share credits" through the CDM. Obviously, they've forgotten about that pesky "sustainable development" clause in the Kyoto Protocol's article the on CDM. Perhaps they need to be reminded that this clause doesn't square with the catastrophic impacts of the Chernobyl accident, or the nuclear tests conducted last year by India and Pakistan, which were products of the "peaceful use" of nuclear energy.

Nuclear power is an idea whose time has come... and gone.

...and Expensive, Too

In the United States, the signs of decline for the nuclear industry are all around: reactors are closing nationwide, and nuclear power plants are projected to steadily lose market share of electricity generation. Between now and the year 2010, licenses of 17 US power plants will expire, the retired plants will not be replaced, and several other reactors will have been prematurely closed for economic and safety reasons.

Since the 1978 Three Mile Island accident, not one new plant has been ordered in the US, and since 1974 about 50% of the reactors ordered by utilities have been canceled. Worldwide, the US Department of Energy (DOE) projects that in the next twenty years global nuclear capacity will fall by half.

Construction costs for nuclear power have been continually underestimated. For instance, Pacific Gas and Electric calculated the cost of its Diablo Canyon plant at \$445 million. By 1984, the cost was \$3.75 billion - an 843% increase. But the cost overruns don't stop there. Constant retrofit, repair and maintenance, and the storage of waste force the costs ever upwards. Who pays? The US consumer - twice. Once through electricity costs that are higher than they need be, and a second time through taxes. Nuclear power accounts for the largest share of government subsidies among all energy sources. From 1948 to 1994, nuclear power received 60% of all federal research and development dollars, while renewables and energy efficiency garnered 16% together.

Nuclear power's tremendous expense has not only been borne in the US, it has proven equally costly in other countries. In France, the nation that made the biggest investment in nuclear energy, the national utility, Electricité de France, is carrying a \$30 billion debt, mostly

- continued over column 3



The nuclear option: safe, clean, reliable

CLIMATE NEGOTIATIONS BONN MAY - JUNE '99 NGO NEWSLETTER

Oceans in Peril

Rising global temperatures are disrupting life in the oceans from the tropics to the poles and undermining the future survival of a wide variety of species, according to a new report* released yesterday by WWF. The survival of certain species is indeed at stake.

The species affected range from plankton, which forms the basis of marine food chains, through to polar bears, walrus, seals, sea lions, penguins, various seabird species and coral reefs. The report concludes that global warming could be the knock-out punch for many species which are already under stress from over-fishing and habitat loss. The authors warn, "the ability of our oceans to support life as it does now may be in the process of being permanently altered."

If, as scientists predict, global warming reduces the overall productivity of the oceans, this will have serious consequences for human communities. Marine life is a vital source of food and medicines, and provides livelihoods for millions of people around the globe through tourism and fishing.

Pacific Salmon

Worst impacted are species at higher latitudes where the warming is most extreme. Some populations of north Pacific salmon species have crashed over the last two years as ocean temperatures in the region soared to 5-6°C higher than normal in 1997 and remained 2°C warmer than normal through 1998. Salmon are crucial sources of food and income in Alaska and British Columbia. The acceleration in warming that scientists predict could drive Pa-

cific salmon species out of the north Pacific and up into the Bering Sea.

Food shortages linked to warming oceans have also led to hundreds of thousands of seabird deaths among species including sooty shearwaters, Cassin's auklets and common murres.

Coral reefs

Coral reefs, the most biologically diverse and beautiful marine ecosystems, are also highly vulnerable. The upper heat tolerance for many reef corals is just a few degrees above normal temperatures. Beyond that, they expel the colourful food-producing *zooxanthellae* algae in a process called bleaching. If it is too hot for too long, bleached corals can die. High water temperatures in 1997 and 1998 sparked unprecedented bleaching in all major tropical regions including the Pacific and Indian Oceans, the Red Sea, the Persian Gulf, the Mediterranean, and the Caribbean. Large numbers of corals are turning completely white and dying, with over 90% mortality in parts of the Indian Ocean.

The latest scientific findings show coral reefs are being directly affected by increasing levels of carbon dioxide in the atmosphere. Changes in water chemistry limit the accumulation of calcium carbonate that makes up the structure of the reefs. This will slow reef growth and disrupt coral communities. Weakened reefs will be more vulnerable to any increase in frequency or severity of storms resulting from climate change.

**Turning up the Heat: How Global Warming Threatens Life in the Sea*, written by Amy Mathews-Amos and Ewenn A. Bettison, Marine Conservation Biology Institute, Seattle, USA, for WWF.

Asian Water Under Threat

This week's *New Scientist* reports that new Indian studies have revealed that glacial retreat is taking place in the Himalayas faster than anywhere else on Earth. Together with the neighbouring Tibetan plateau, this region contains the largest quantity of ice in the world outside the poles. Research from a team headed by Syed Hasnain predicts that, at the present rate of decline, most glaciers in the region will disappear within forty years. There have already been violent flooding events as pent-up meltwater is suddenly released, and more seem certain. Far more serious however, is the fact that these glaciers are the source of more than two-thirds of the flow of the great South Asian rivers, on which millions of people depend.

— *Expensive*, from front page

because of its nuclear investments.

Most other major industrialized nations have stopped construction of nuclear power plants altogether, and many are planning to shut down existing plants. As of 1996, only 34 nuclear plants remained in active construction around the world. Eighty-four have been shut down, leaving total nuclear generating capacity at 340,282 megawatts, only three percent higher than 1990.

But just considering the real costs of nuclear power — namely the enormous price tag of constructing and maintaining power plants, and the toxic nature of nuclear fuel and waste materials — prove the outlook for this troubled technology is as negative today as it was 21 years ago when Three Mile Island had its mishap. Nuclear power is not a solution to global warming for the same reasons that it is not a good electric generation option. It is too expensive and unsafe, it produces toxic waste, and encourages the risk of nuclear proliferation.

Portions of this article are taken from "Nuclear Power: Too Expensive to Solve Global Warming," by Roni Biagini, International Climate Program Coordinator for the National Environmental Trust. For a copy of the report in Bonn, call Dave King at 001-202-210-5126.

Ludwig

Ludwig has been observing with amusement the discussions on the timing of COP6 and the preceding subsidiary body meetings. Some would prefer the COP to happen after November 2000: this is obviously completely coincidental to any electoral processes that might be occurring at this time. Others, it appears, would prefer as few meetings as possible: perhaps they feel that the objectives of the Convention will be best achieved without going to the trouble of negotiations.

Among this latter group no doubt is our old friend Mr Don Plearman, who, Ludwig is delighted to note, appears to be attempting to part company with his trademark cigarettes. Ludwig is sure that this won't make him any more tetchy than before, if only because it would probably be difficult for anyone to be any tetchier.

Finally, what on earth is this debate about? Yesterday in the SBSTA there was talk of everything from walking through the tulips, to dancing, to hamburgers with soy sauce. Perhaps the surreal atmosphere in the Maritim has finally begun to affect everyone's, er, marbles.

Comprehensive (?)
AIJ review

ECO would like to draw attention to the AIJ Pilot Phase even though Parties would like to think of it as a thing of the past. The AIJ Pilot Phase was intended to be an opportunity for "learning by doing". Unfortunately, a proposal is floating around that would only give Parties 3 weeks to compile all the relevant information for a so-called comprehensive review of the AIJ pilot phase. This short amount of time excludes any sort of on-site project evaluation or independent third party review — preventing us from learning much of anything from either the successes or the flaws of the AIJ pilot phase. A quick and dirty end to the AIJ pilot phase would, however, give certain Parties just enough time to start cranking out credits as the year 2000 rolls around. A rushed review would only lead to lessons learned the hard way and sets a dangerous precedent.



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

SBs-99
#9

Vol. 12 No. 107

Published by the International Institute for Sustainable Development (IISD)

Wednesday, 9 June 1999

HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES TUESDAY, 8 JUNE 1999

The morning meeting of the Joint Contact Group on the Protocol mechanisms was interrupted by a second bomb threat to the Maritim Hotel. The contact group reconvened later in the morning and afternoon. The Subsidiary Body for Scientific and Technological Advice (SBSTA) met in the afternoon to consider draft conclusions on research and systematic observation and the work programme on methodological issues. The Joint Working Group (JWG) on compliance met in the afternoon to consider a Co-Chair's draft work programme. Contact groups were convened on non-Annex I communications and land use, land-use change and forestry (LULUCF).

SBSTA

On the draft conclusions on research and systematic observation (FCCC/SBSTA/1999/L.2), the EU requested deleting the paragraph on SBSTA's invitation to GEF to include, in its report to the COP, the specific steps it has taken to implement the provisions of paragraph 1(c) of decision 2/CP.4 (guidance to the operating entity of the financial mechanism), stating that it was addressed elsewhere. CHINA, supported by the CENTRAL AFRICAN REPUBLIC, said important decisions sometimes have to be reiterated until they are implemented. The US stated that, if included, the paragraph should reflect the whole decision and not just a part of it. The EU proposed requesting GEF to report to the COP on its funding for developing countries to build capacity for participation in systematic observation networks. Delegates adopted the draft conclusions as amended.

Regarding the draft conclusions on the work programme on methodological issues related to Protocol Articles 5 (methodologies), 7 (communication), and 8 (review of information) (FCCC/SBSTA/1999/L.3), the EU requested changing the date of submission from 15 August to 15 September to allow time for preparation. Chair Chow said the current deadline meant Parties could receive the compiled views prior to COP-5. Delegates adopted the draft conclusions without any amendments.

JOINT WORKING GROUP ON COMPLIANCE

The co-chairs proposed a draft work programme on procedures and mechanisms relating to compliance under the Protocol (FCCC/SB/1999/CRP.2). Under the proposal, the Joint Working Group (JWG) invites Parties to make submissions to the Secretariat by 15 August 1999 in response to questions contained in an annex to the proposal. These submissions will be compiled in a miscellaneous document. The JWG also requests the co-chairs to produce, for

consideration by JWG-2, a synthesis of proposals by Parties that would update the non-paper prepared by the Secretariat for this session. The JWG also agrees that an informal discussion on work under the SBI/SBSTA and experience under other conventions would help Parties better understand the compliance system needed. The JWG co-chairs will organize the discussion.

On a deadline for Parties to respond to a questionnaire on compliance, Co-Chair Dovland (Norway) noted that the 15 August 1999 deadline was intended to allow Parties as much time as possible but would render translation of documents in time for COP-5 impossible. He indicated that an earlier deadline would not only facilitate translation, but also revisions of the synthesis of submissions by Parties to update the current version. After an extended discussion, 1 August 1999 was agreed as the deadline. SWITZERLAND proposed including a reference to Decision 8/CP.4 (Preparations for the COP serving as the MOP) so that Parties prepare their submissions bearing it in mind and asked whether the co-chairs intended to prepare a more "legally oriented" text based on the synthesis. The US amended the proposal so that Parties address additional Decision 8/CP.4 issues to the extent that they are not otherwise covered by their submissions.

On the nature and timing of the proposed informal exchange of information, the G-77/CHINA, supported by SAUDI ARABIA and IRAN, preferred holding it after COP-5, but before the twelfth sessions of the subsidiary bodies (SB-12). She said the discussion should have clearly defined objectives and should not reach conclusions or form the basis for any documents. Participants should be primarily government experts. SWITZERLAND suggested the co-chairs develop terms of reference for the informal discussions. AOSIS suggested holding the discussions back-to-back with COP-5. The EU, CANADA, the US and AUSTRALIA supported holding it prior to COP-5 in order to better prepare for and participate more fully in that meeting. AUSTRALIA noted that the Protocol is breaking new ground in international law and recommended examining other compliance models. CANADA said the discussions would allow more effective use of scarce time and resources and, with the EU, said it would provide an opportunity for "mutual learning." The US stressed that compliance is an urgent matter and must be completed by COP-6. Co-Chair Dovland proposed further consultations. The JWG will re-consider the issue on Thursday.

CONTACT GROUPS

Joint Contact Group on Mechanisms: The G-77/CHINA introduced its position paper on the clean development mechanism (CDM), highlighting the CDM's role in assisting developing coun-

This issue of the *Earth Negotiations Bulletin* (enb@iisd.org) is written and edited by Paola Bettelli (pbettelli@iisd.org), Chad Carpenter (chad@iisd.org), Valerie Colas (vcolas@iisd.org), Angela Churie (churie@iisd.org), Lavanya Rajamani (lavanya.rajamani@herford.ox.ac.uk) and Chris Spence (spencechris@hotmail.com). The Editor is Pamela Chussek, Ph.D. (pam@iisd.org) and the Managing Editor is Langston James "Kimo" Goree (kimo@iisd.org). The WWW Content Editor is Peter Doran (pdoran@ecology.wisc.edu). Digital engineering by Andrei Henry (ahenry@iisd.ca), David Fernau (david@virtualstockholm.net) and Jeff Anderson (janderson@iisd.ca). French translation by Mongi Gadhoum (mongi.gadhoum@anb.intl.fr). Logistics coordinated by Molly Rosenman (mrosenman@iisd.org) and Kevin Cooney (kcooney@uclink4.berkeley.edu). The Sustaining Donors of the Bulletin are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape, and the United Kingdom Department for International Development (DFID). General support for the Bulletin during 1999 is provided by the German Federal Ministry of Environment (BMU) and the German Federal Ministry of Development Cooperation (BMZ), the Danish Ministry of Foreign Affairs, the European Community (DG-XI), the Ministries of Environment and Foreign Affairs of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministry of Foreign Affairs and Ministry of Environment of Finland, the Government of Sweden, the United Nations Development Programme (UNDP), the Global Environment Facility (GEF) and the Ministry for the Environment in Iceland. Specific funding for this meeting has been provided by the UNFCCC Secretariat. The Bulletin can be contacted by e-mail at (enb@iisd.org) and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at (info@iisd.ca) and at 161 Pargue Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD.

13

Wednesday, 9 June 1999



Earth Negotiations Bulletin

Vol. 12 No. 107 Page 2

tries in achieving sustainable development and developed countries in complying with their QELROs. He stressed the need to decide on principles before addressing methodological issues and suggested creating an adaptation fund.

The group covered various elements of the Secretariat's synthesis paper, identifying areas of convergence and divergence and exchanging views. On objectives, principles and purposes, the EU identified convergence on various areas, including cost effectiveness, transparency and equity and divergence on issues, such as inter-tradeability. The G-77/CHINA recommended that its paper be the basis for future negotiations. CHINA identified issues missing from the Secretariat's synthesis report but covered in the G-77/China paper, including transparency and climate change effectiveness. He said discussions should focus on the clusters—principles, methodologies and institutional issues—recommended in the Buenos Aires Plan of Action. The US identified the areas of convergence as being those that recognize, *inter alia*, private sector participation in the CDM and the need for baselines to precede use of the mechanisms. PERU recommended a common baseline for joint implementation and the CDM. She said such an approach would, *inter alia*, provide a simple, transparent and reliable methodology for common baseline application, as the regional average of Annex II in energy and other sectors would constitute the calculation basis; and ensure environmental integrity in emissions reductions.

Regarding legal entities, the EU identified convergence on the involvement of other entities and added that Parties should be responsible for them. She said the COP/MOP should designate operational entities. NORWAY, supported by CANADA, said operational entities were a key element for CDM institutional structure. He added that they should be drawn from the private sector, independent, centralized and accredited by the Executive Board. On project eligibility, the US stressed the need for a comprehensive approach to certification and verification, including options for baselines. The G-77/CHINA said project eligibility is central to the principle, nature and scope of the CDM. NORWAY noted that there was no section on baselines in the synthesis report. KOREA said project eligibility and baselines are essential in formulating CDM rules. He said eligible projects should demonstrate greenhouse gas reduction and investment, financial and technology additionality. On the eligibility of sink projects, the EU preferred their exclusion pending a decision by the COP.

Regarding the contribution to sustainable development, the G-77/CHINA said the recipient country should be the sole judge of whether a project meets its sustainable development priorities. NORWAY proposed that this be determined under project registration. The EU suggested that non-Annex I Parties confirm in writing how a project would help it achieve sustainable development and stressed that the project activity should be consistent with all international agreements to which the Parties involved belong. CHINA suggested applying a similar condition to the funding country to confirm how a CDM would result in certified emissions reductions (CERs).

On sequestration, CANADA, supported by NORWAY and IRAN, proposed addressing this under project eligibility. The G-77/CHINA said discussions on sequestration should be avoided until ongoing studies by SBSTA and IPCC are concluded. The EU reiterated its preference to exclude sequestration pending a COP decision.

On technology transfer, the US identified convergence on the CDM's role in facilitating technology transfer. On technology transfer and project financing, the G-77/CHINA highlighted the dimension of additionality, a feature absent in the Chair's draft. He said funding for CDM projects should be additional to GEF, ODA and other developed country financial commitments.

On complementarity, the G-77/CHINA highlighted the primacy of domestic action and recommended the development of guidelines on complementarity. The EU stressed the importance of the issue and the primacy of domestic action, and proposed a concrete ceiling. The US noted possible divergence on this issue. On levies, the G-77/CHINA highlighted establishing an adaptation fund. The US questioned how this fund would be managed and its proceeds dispersed. On CERs, the G-77/CHINA suggested discussing them bearing in mind the purposes of the CDM.

LULUCF: The LULUCF contact group met in the morning to consider draft conclusions that contained a compilation of additional proposals by Parties based on ideas emerging from the group's earlier discussions. Participants accepted wording suggested by the US and amended by the EU and the G-77/China for a paragraph inviting the IPCC, in conjunction with SBSTA-11, to provide an in-depth progress report and a special side event on the draft IPCC Special Report on LULUCF. Members of the group reconvened in the afternoon for informal consultations and negotiated text that cleared most of the remaining brackets. The full contact group at its next meeting will consider their recommendations.

Non-Annex I Communications: The non-Annex I communications contact group met in an evening session and discussed proposals submitted by the EU and the G-77/China for the draft decision. Participants discussed key issues in the two documents that could be included in the decision, such as the G-77/China's suggestion of a non-Annex I expert group and the EU's proposal for technical assessments. A number of delegates expressed concern at the differences between the two texts and the potential difficulties in finding common ground between them. The group decided to reconvene to consider how to proceed.

IN THE CORRIDORS

"Delays, delays, delays" was how several observers summarized the meeting thus far. Some suggested that the deceptively distant deadlines for decisions are feeding the temptation to leave substantive discussions to the last minute. A number said a sense of lethargy was inevitable following the heady days of Kyoto, while others cited increasingly poor prospects for ratification by the US as a cause of hesitation. An EU delegate remarked that the participants should "get the environment and emotion back into the debate because it is getting very depressing." With the meeting entering its final days, some predicted that progress at COP-5 will be patchy at best, with the modest advances likely on guidelines for Annex I national communications offset by the snail's pace of talks on LULUCF and mechanisms. Other delays took on a more ominous tone, as evidenced by a bomb threat to the Secretariat headquarters and a second bomb threat to the Maritim.

THINGS TO LOOK FOR TODAY

Joint contact group on mechanisms: This group will meet at 3:00 pm in the Maritim.

Contact group on the budget: This group will meet at 4:00 pm in a room TBA.

Consult the meeting board for other meetings.

MEMORANDUM

TO: Roger Ballentine

FROM: John Gibson
David Gardiner

DATE: September 2, 1999

RE: Materials on Domestic Efforts for COP-5

We need to start producing materials on U.S. domestic climate change efforts for distribution at COP-5. The importance of this project is underscored by the fact that a sub-theme of this COP is "progress made . . . lessons and challenges" (just as private sector involvement was a sub-theme of COP-4). This memo outlines possible thematic options for these materials. Note: 1) these options are not mutually exclusive; and, 2) a decision on the direction of this project needs to be made in the context of an overall COP-5 communications strategy. After you have had a chance to review this memo, we should meet.

Options:

1. Update last year's materials. Last year we had an 8 page summary and 1-2 pagers on individual programs. These could be updated, with an emphasis on what's new (E.O.s, proposed Clean Air Partnership Fund, etc.) New graphics/format, etc. could be added and we can work to present what we have in more interesting ways, e.g., briefings/panel discussions rather than just handing out the materials. But we should bear in mind that last year's materials were not considered to be particularly effective in convincing the intended international audience – probably due to the substantive problem that our programs are all voluntary and/or R&D based.

2. Focus on emissions rather than programs. There may be a case to be made that we have actually made real progress over the course of the 90s in de-coupling economic growth and emissions growth. David Gardiner is working with EPA to see what we may or may not be able to say here. If we have a story here we need to think about compelling ways to tell it (reasons for, implications, etc.). The basic message would be that voluntary measures and technological breakthroughs can lead to real results.

3. Focus on success stories of states, cities and companies. Again, the message here would be "results are what matter; not how many mandatory programs you have." Potential examples include: California emits 40% less carbon per capita than the U.S. national average; New Jersey has adopted a target and is doing trading with the Dutch; over 50 cities participating in International Council on Local Environmental Initiatives' (ICLEI) "Cities for Climate Protection" program have pledged to reduce emissions by an amount which cumulatively comes to about 10% of the U.S. Kyoto target.

4. Juxtapose the Administration's expansive climate change agenda with Congressional

obstruction. Message here would be that the Administration's plan for climate change is real, tangible and expansive, but Congress is blocking progress. Tone need not be shrill or confrontational, but could be along the lines of: "change is always difficult; we have a balanced forward-looking program, but those with a vested interest in the past are standing in the way." Could work well in conjunction with no. 3 above.

5. Announce new policy initiatives prior to COP-5. We announce new policies that go further than what we have currently proposed, in the transportation or utility sectors, for example, to indicate further action.

cc: Julie Anderson
Paul Bledsoe
Ian Bowles
Elliot Diringer
Shelley Fidler
David Sandalow
Jeff Seabright



WWF Climate Change Campaign

1250 Twenty-fourth Street, NW
Washington, DC 20037

Tel: (202) 861-8388

Fax: (202) 331-2391

Visit our website at

<http://www.panda.org/climate>

September 13, 1999

Frank E. Loy
Undersecretary
Global Affairs
Department of State
2201 C Street, NW
Washington, DC 20520-7818

Re: Climate Change Ministerial Meeting in Warsaw, 20 September.

Dear Undersecretary Loy,

We are writing at the occasion of your participation in the Climate Change Ministerial meeting next Monday in Warsaw, Poland. We understand that the meeting is organized to prepare for the forthcoming 5th Conference of the Parties (COP 5) of the UN Framework Convention on Climate Change, taking place in Bonn, Germany from 25 October - 5 November.

WWF is very concerned that COP 5 will not achieve the necessary progress in the struggle against climate change. As things stand now, COP 5 is likely to be a fairly non-political negotiating session of civil servants discussing technical details of the mechanisms of the Kyoto Protocol, while ministers are sidelined providing no real guidance to the negotiations. Ministers were already sidelined at COP 4 in Buenos Aires: editing a long list of items to be discussed over the next years instead of dealing with policy questions.

In order for the attendance of ministers at COP 5 to be meaningful, the meeting in Warsaw next Monday is crucial to plan the design of the meeting. The ministerial segment for COP 5 is scheduled for 2 - 4 November, allowing for speeches in the afternoon and evening of 2 November, and for an "exchange of views" in the remaining day-and-a-half. This "exchange of views" is currently organized around two themes: 1) "progress made in dealing with climate change; lessons and challenges" and 2) "the way forward: promoting implementation of the Buenos Aires Plan of Action and early entry into force of the Kyoto Protocol." The talks will, according to the UNFCCC secretariat papers, "not give rise to formal conclusions or recommendations".

In WWF's view, such a design of the COP 5 Ministerial segment does not allow for sufficient focus for guidance to the ongoing negotiations. The themes are formulated in such broad terms that no focus exists for the proposed headings. Furthermore, the lack of formal conclusions implies that any trends or political signals will be forgotten as soon as the Ministerial segment has been concluded and the talks among civil servants continue.

This scenario for COP 5 is problematic as it does not reflect the desperate need for political guidance that is now lacking in the climate negotiations. While the outside world has experienced

another year of rising temperatures and numerous extreme weather events, most likely due to climate change caused by emissions of CO2 and other greenhouse gases, the Climate Convention talks have been bogged down in technical details of mechanisms to avoid domestic action.

While we recognize that the Convention process, as a result of decisions at COP 4, needs to devote attention to developing the rules and guidelines of the so-called flexibility mechanism of the Kyoto Protocol, WWF is deeply concerned to see the process move away from the main track of the mitigation of climate change: domestic actions to reduce greenhouse gas emissions at source. The Kyoto Protocol itself clearly states that the Kyoto-mechanisms should be *supplemental to domestic actions*. Nevertheless, all attention currently seems devoted to the mechanisms and the broadest use of them to avoid domestic action.

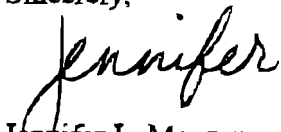
We urge Ministers to see COP 5 as an opportunity to take back the agenda and start discussing the main strategies of mitigation of climate change: domestic actions to reduce greenhouse gases at source.

Ministers should use COP5 to cut through the increasing mumbo-jumbo of the negotiations and give understandable guidance to the negotiators, as well the concerned public they represent. WWF has - like many others - at numerous occasions demonstrated how efforts to mitigate climate change can be designed to benefit short-time interests in jobs and the economy. Our latest study, done by the Boston-based Tellus Institute, shows how this could be implemented in the US, making reductions twice as deep as the Kyoto commitments possible while creating almost 900,000 net new jobs by 2010.

Taking back the agenda should be coupled by repositioning the science as the driving force in the negotiations: COP 4 failed to reach agreement on the Convention obligation to review the adequacy of commitments. This included the crucial decision about the timing of the next review. Ministers at COP5 should, as a minimum, ensure that the next review takes place at the COP following the release of the IPCC's Third Assessment Report, likely to be COP 7 in 2001. President Clinton stated in October 1997 that the National Academy of Sciences would assess the long-term objectives of the Convention. This type of analysis could greatly contribute to the debate over the adequacy of commitments. To our knowledge, however, this has not yet been taken up.

WWF urges you to contribute to making COP 5 an important event in the struggle against climate change. In order to do so Ministers must be given a substantive and decisive role at COP5.

Sincerely,



Jennifer L. Morgan
Climate Policy Officer
World Wildlife Fund

CC: Roger Ballentine
David Sandalow

Outline for Loy Speech at COP-5. *Note: Because this outline is being used for the broader purposes of developing our overall message for Bonn and for developing our written materials, it includes more than one could actually say in a speech. Also note that there are more details on the domestic side than the diplomatic. The latter will be brought into sharper focus as we get closer to the COP. Eizenstat speech from last year is attached for reference.*

Introduction: Acknowledgements. Honor to be here in Bonn – a city which for half a century stood as an emblem of mankind's determination to meet the great challenge of the 20th century – the challenge of preserving and renewing human freedom. Today, we are gathered in Bonn, drawing on that rich legacy of determination as we rise to meet one of the premier challenges of the 21st century – the challenge of preserving and renewing the earth itself.

Here in Bonn we are writing the next chapter in a narrative that stretches back to Rio de Janeiro, where our nations first undertook to meet the challenge of climate change. Two years ago in Kyoto we put in place the architecture of an agreement. Last year, we began to turn Kyoto's broad concepts into working realities, with the Buenos Aires plan of action. Here in Bonn it is our job to follow through and to act.

Past year, we have seen mounting scientific evidence of the certainty of human-induced climate change: [examples]

But we have also seen hopeful signs this past year on emissions:

- Unofficial data suggest a slight decline in global energy-related carbon emissions, [although a number of one-time factors underpin these numbers including the economic slowdown in Asia and the impact of globally mild weather].
- In the United States, the data is even more hopeful – with emissions growing only 0.5% despite strong economic growth.
- We are not – and must not – be complacent or read too much into these numbers. But clearly they demonstrate that economic growth and emissions need not move in lockstep.

U.S. Action. This essential fact is being demonstrated in ways large and small throughout the United States – not simply at the federal level – but in the states, cities and in corporate America.

State & Local Action and Progress.

- 34 out of 50 states have completed ghg inventories; 25 are producing action plans to reduce emissions;
- 65 cities, large and small, have prepared baseline emission reports, set reduction targets and have started implementing local action plans.
- International Council on Local Environmental Initiatives' (ICLEI) "Cities for Climate Protection" program have pledged to reduce emissions by an amount which cumulatively comes to about 10% of the U.S. Kyoto target (still checking).
- Examples of progress include: (pick best three)
 - New Jersey issued executive order to cut emissions 3.5% below 1990 levels by 2005. Has established a carbon bank working group and a program with Netherlands for developing joint initiatives and an emissions trading system.

- Oregon has enacted landmark legislation setting a carbon dioxide standard for all new power plants of 25 megawatts or more.
- Twin Cities continue to make progress towards their goal of reducing CO2 emissions by 20% below 1988 by year 2005 (goal articulated in 1993).
- California emits 40% less carbon per capita than the U.S. national average (still checking)
- To help states and localities, President Clinton earlier this year proposed creation of \$200 million Clean Air Partnership Fund to The President proposes \$200 million for a new fund to provide grants to state and local governments for projects that reduce both greenhouse gases and pollutants like soot, smog, and air toxics.

Progress In the Private Sector. Corporate America is starting to demonstrate that uncoupling economic growth and emissions growth is not only doable but desirable, both environmentally and economically. In the past year, for example:

- DuPont's pledge (65% cut in ghg emissions by 2010; flat energy use; 10% renewable);
- Motorola's pledge to reduce its PFC emissions by 50% by 2010, compared to 1995 levels.
- IBM announced goal to improve energy efficiency by 4%/year.
- In short, a growing number of companies are stepping forward to acknowledge the science and show leadership; a dwindling number are denying the facts and shirking responsibility.
- Growing number of companies also beginning to work with U.S. Congress on Credit for Early Action legislation introduced in US Congress – President has made high priority.

Investing in R&D. To build and expand on this progress, President Clinton continues to fight for an expanded program of R&D for energy efficiency and renewable energy. Last year, Clinton Administration secured over \$1 billion in funding for these programs. [This year, have requested \$1.2 billion – update as necessary.] [This part of the budget has been over \$800 million every year since ____ OR has been over \$800 x years out of y – working with Reicher's office on best metric we can come up with.] Has led to real results: [go through by sector, picking best examples]

- Buildings: progress towards goal of 50% cut in new home energy use and 30% in commercial buildings compared to 1996.
- Industry: progress towards goal of cutting energy use per unit of output 25% by 2010
- Transportation: Fuel efficiency technologies and alternative fuel vehicles are currently saving 2 billion gallons of conventional fuel a year;
- Power: renewable energy costs down 80% since 1980; Over \$1 billion in annual U.S. renewable sales in 1998.

Federal government leading the way. President Clinton has also made the federal government a leader by example on cutting ghg emissions. In past year alone:

- Signed executive order to cut federal govt.'s emissions by 30% relative to 1990 – 2.4 million tons annually;
- Signed executive order aimed at tripling U.S. use of bioenergy and bioproducts by 2010;
- [Transportation e.o.?]
- [Greening of White House?]

The Road to COP-6. Here in Bonn, we are laying the groundwork for COP-6 – where it is our goal to complete the Buenos Plan of Action.

- Our ultimate goal, of course, is passing on a livable world to our children and grandchildren.

- The first step in doing so is arriving at a workable agreement that can be ratified by our nations.
- It will do the world's climate no good to achieve an agreement that is dead on arrival once we attempt to secure ratification.
- In the United States, securing ratification will depend on our ability to answer three critical questions:
 - First, is climate change really a problem? Mounting scientific evidence is answering this question with an emphatic "yes," and in the United States, as elsewhere, there is more and more agreement on the magnitude of the threat.
 - The second question will be, "Can we solve it reasonably and cost-effectively?"
 - And the third question will be, "Is the agreement fair?"
- The answers to these will depend largely on what the Parties do between now and the end of COP-6. And it is in this light that we must consider the issues before us:

Flexibility Mechanisms

- Need to develop system with integrity and high standards that will get us the most environmental gain for each dollar, yen or euro.
- Can be engines for achieving environmental gain and technology transfer.
- Response to proposals to limit use of flex-mechs? Comparisons to bubble?

Developing Country Participation.

- No escaping fact that this is a global problem requiring a global solution.
- Developed world must lead; but developing world must contribute by investing in cleaner technology. As POTUS said last month in N.Zealand: "If every country on earth takes its turn to pollute the world, every country on earth will lose."
- That is why POTUS has said no ratification absent meaningful participation.
- Last year, in Buenos Aires world witnessed historic steps forward by Argentina & Kazakhstan. Underscored message of Menem: only path to sustainable growth is clean growth.
- This year [more on Argentina? New initiatives by Bolivia/Korea/Uzbekistan?]
- US understands needs of developing countries – that is why providing technical transfer, etc.
- Growth targets (transitional targets?)
- Third way?

Sinks -- Update on workshops/process; articulation of U.S. principles?

Compliance

Timing of COP-6?

Conclusion. German statesman Bismarck: "Political genius consists of hearing the distant hoof beats of history and then leaping to catch the passing horseman by the coattails as he thunders by." Here in Bonn we can hear the hoof beats of not only history, but science beating down upon us. Let us have the political imagination and determination, if not genius, to catch the coattails of the passing horseman, so that we may meet the challenge of climate change and pass on a livable world. Thank you.

Recent Trends in Energy-Related Greenhouse Gas Emissions (DOE STAFF DRAFT)

The Facts

Energy-related carbon dioxide emissions in the United States were 1484 million metric tons of carbon-equivalent (MMTC) in 1998, compared to 1479 MMTC in 1997 and 1346 MMTC in 1990. (Note: all figures expressed in million metric tons of carbon-equivalent).

Globally, energy-related carbon dioxide emissions in 1997 were 6232 MMTC, or 5.9 percent above the 1990 level. Unofficial data suggest a slight decline between 1997 and 1998, with the economic slowdown in Asia and the impact of globally mild weather on heating fuel demand commonly identified as major causes. Emissions trends both at home and abroad are affected by economic growth, prices, and weather. Key factors underlying global trends in emissions between 1990 and 1997 are the following:

- Sharp decline (35 percent) in emissions from Former Soviet Union/Eastern Europe following the fall of communism.
- Nearly level emissions (2 percent decline) in Western Europe
- Significant emissions growth (32 percent rise) in developing world, including China

Possible Interpretation

We are gratified that U.S. energy-related greenhouse gas emissions grew by less than 0.5 percent between 1997 and 1998, despite strong economic growth. Clearly, economic growth and emissions need not move in lockstep.

A number of "one-time" factors related to weather and the composition of industrial production probably influenced the 1998 outcome. Energy-related greenhouse gas emissions may grow at a faster rate during 1999 than during 1998 (Note: this is likely given latest data). We should not be complacent.

The Administration's comprehensive electricity competition plan, which is projected to save American consumers \$20 billion annually on their electric bills, would also reduce projected greenhouse gas emissions by between 40 and 60 million metric tons of carbon-equivalent by 2010.

In addition, the package of energy-efficiency and technology incentives proposed by the Administration in the FY2000 budget will further important economic, energy security, and environmental goals, as it also serves to curtail the future growth in greenhouse emissions.

The emissions experience of the U.S. and Western Europe since 1990 are not as different as they might appear at first glance. Adjusting for our faster rate population growth, the reduction in energy-related emissions associated with the "merger" of East and West Germany, and the emissions dividend from electricity restructuring in the United Kingdom that has yet to be reaped in the United States, there is substantial convergence between the rates of growth in per-capita energy-related carbon dioxide emissions in the United States and Western Europe since 1990.

**Remarks Prepared for Delivery by Stuart E. Eizenstat
U.S. Under Secretary of State for
Economic, Business and Agricultural Affairs
UNFCCC Fourth Conference of the Parties
Buenos Aires, Argentina
November 12, 1998**

Thank you, Madame President. At the outset of this Conference, delegates stood in a moment of silence for the victims of Hurricane Mitch. Today, on behalf of the United States, I extend our deepest sympathy and assure our friends in Central America that they can rely on our help as they recover from this terrible tragedy.

Madame President, I also want to thank you for your tireless efforts in hosting this Conference. Without your hard work, our progress these two weeks would not have been possible. And I think I speak for all the Ministers and delegations in saying that we have been touched by the hospitality of this great city, and by its distinctive Porteno culture.

Nearly a year ago in Kyoto we forged an historic agreement. The Kyoto Protocol represents humankind's collective effort to confront the most profound environmental challenge of the 21st century -- the challenge of global warming. Climate change is a threat no nation can escape; a threat that respects no border, nor the difference between rich and poor.

In Kyoto, many of our governments showed real leadership by committing to strong, realistic action to spare future generations from this grave danger. Our goal -- a goal that will take decades to achieve -- is to stabilize atmospheric concentrations of greenhouse gases at a safe level.

In the year since Kyoto, new findings reinforced the strong scientific consensus that human activities are affecting the earth's climate. All but one month so far this year has set a record high for global temperatures, right on the heels of 1997, the warmest year on the books. And this year's El Nino -- with its raging fires, drought, and life-threatening floods -- gave us a powerful preview of the kind of extreme weather that global warming may bring.

While this past year has thrown into sharp relief the gravity of our challenge, it has also shown us that many countries are taking real action to meet that challenge.

In the United States, we are strengthening our already robust domestic efforts to address global warming. Under the leadership of President Clinton and Vice President Gore, we have increased federal investment for energy efficiency and renewable energy to \$1 billion in this year alone -- a 25 percent increase.

This new funding will accelerate actions already underway to develop automobiles with three times the fuel economy of today's models; housing that is 50 percent more energy-efficient;

a thriving bioenergy industry and much more. We have initiated aggressive efforts to reduce federal energy use. And we have launched new partnerships with industry to help boost productivity while lowering emissions.

During the coming year, President Clinton will seek further increases in federal investment to address global warming. We will launch new initiatives on federal energy procurement and transportation, begin setting new energy efficiency standards for major appliances, spur the development of clean industrial technologies, and promote the use of carbon sinks. We will also renew our efforts to restructure our electricity industry to unleash market forces to boost energy efficiency and reduce emissions. In short, there is more we can -- and will -- do at home.

Among the most important developments since Kyoto has been the growing number of leading U.S. corporations acknowledging that the threat of climate change is real. Many are now working to turn the promise of Kyoto into a reality, exploring new ways to use energy better and smarter. Some have even pledged to voluntarily reduce their emissions below the Kyoto targets. We are encouraged as well by the introduction in the U.S. Senate of bipartisan legislation to give credit to companies that achieve early greenhouse gas reductions.

Each of these steps represents real progress. Our job here, of course, is to build on this momentum.

In that spirit, I am pleased to announce that today in New York the United States will sign the Kyoto Protocol. We pledged at the conclusion of the Kyoto conference that we would sign this historic agreement. Today, we do so.

In taking this action, the United States reaffirms our commitment to work with the nations gathered here to address the challenge of climate change. And we are guided by the firm belief that signing will serve our environmental, economic and national security goals.

Kyoto is a landmark achievement, but it is a work-in-progress and key issues remain outstanding. As an original signatory to the Protocol, the United States will be able to play a stronger, more effective role in resolving these issues.

The first major set of issues concerns the Protocol's flexibility mechanisms, including international emissions trading and the Clean Development Mechanism.

These mechanisms can be the engines that drive both the cost-effective achievement of our environmental objectives and the transfer of climate-friendly technology to the developing world. To realize that promise, we must develop appropriate means for measurement, reporting and compliance and resolve liability considerations to create a system with integrity and high standards.

Our experience in the United States has proven the enormous potential of a well-designed system of emissions trading. In our fight against acid rain, emissions trading has allowed us to achieve our goals 30 per cent faster at less than half the projected cost. Far from avoiding

responsibility, trading is enabling us to fulfill our environmental responsibilities faster, and at less cost.

Done right on a global scale, emissions trading will allow the world to achieve greater greenhouse gas reductions at a faster pace and a lower cost for all Parties. At a time of global financial uncertainty, it should be clear to all that we cannot afford a system that makes the reduction of a ton of carbon more expensive than it needs to be. As Tuesday's roundtable made clear, a robust system of flexible mechanisms with clear rules -- and without arbitrary limits -- is the key to unlocking the energies and ingenuity of the private sector to meet the challenge of climate change.

The second key issue we must resolve is the meaningful participation of key developing countries in efforts to address climate change.

The United States commends Argentina for the historic announcement by President Menem yesterday that it will voluntarily take on a binding emissions target for the first commitment period of the Protocol. And we support Argentina's call for new pathways for developing countries to more actively participate in efforts to address climate change.

Many decades ago, when this region was struggling for freedom and independence, the great Argentine patriot San Martin said to the people of South America that "all the Americas are watching you and counting on the courage and honor you have habitually displayed."

San Martin's words echo down through the ages, and today, all the world is watching Argentina and is inspired by the courage and honor it has displayed at this Conference. Let us be frank: Without the meaningful participation of key developing nations, the world cannot meet the challenge of global warming no matter how much is done by industrialized countries.

That is why, absent such meaningful participation, President Clinton will not submit the Protocol to the United States Senate, whose approval is required to make it legally binding.

The United States understands that developing countries face pressing needs and their responsibilities are not identical to those of industrialized nations. For many developing countries, "meaningful participation" could mean slowing the rate of emissions increase while their economies continue to grow. As President Menem stated so eloquently, the only path to sustainable growth is clean growth.

That is why we are working with scores of countries around the world to help them along the path to sustainable development, lower emissions, and enhanced technology transfer. In the long run, the objectives of the Convention will be achieved only if countries that wish to chart their own sovereign path to lower emissions are allowed to do so.

The third critical issue before us is to ensure that the Protocol fully accounts for carbon absorbing sinks, such as forests and farmlands. Guided by science, we must ensure that we provide appropriate incentives for protecting our forests from deforestation; promoting afforestation and

reforestation; and improving forest and agricultural conservation practices.

Finally, the Kyoto architecture must rest on a solid foundation of compliance. Already, the Protocol contains numerous building blocks that promote compliance, including provisions on measurement, reporting, and in-depth reviews. To realize the Protocol's environmental objectives, these must be supplemented by additional substantive rules, procedures, and non-compliance consequences. The United States urges this Conference to set in motion an expedited process to build a compliance regime that is strong, coherent and effective.

All our nations have expended enormous effort over the past decade to address the profound challenge of global warming - from Rio de Janeiro to Berlin to Kyoto to Buenos Aires. Ultimately, solving the problem will take sustained effort by all of us over many decades. It is our duty to future generations to turn Kyoto's broad concepts into working realities. Let us recommit ourselves to this great endeavor.

Thank you very much.

9/17 Pre-decisional Draft; Do Not Cite; Close Hold

MEMORANDUM

TO: Roger Ballentine
Paul Bledsoe
Elliot Diringer
David Gardiner
Frank Loy
Nigel Purvis
David Sandalow
Jeff Seabright

FROM: John Gibson

DATE: September 17, 1999

RE: COP-5 Communications.

• U.S. fully committed to
finishing work on Kyoto
• But not waiting around -
acting now
serious about needs

This memo outlines:

- draft message for COP-5;
- list of potential means of dissemination;
- list of potential materials for press packet and status.

Draft Message

This reflects input from Frank and Nigel. We may want to consider tailoring our message, emphasizing different aspects of it depending on whether the audience is foreign or domestic. The core though, might run as follows:

- A growing body of scientific evidence makes clear that climate change is one of the premier environmental challenges of the 21st century.
- The U.S. is taking significant domestic actions to reduce its greenhouse gas emissions. These actions are taking place at the federal, state and local levels and throughout corporate America.
- Preliminary new data shows that the U.S. and others may be beginning to demonstrate that economic growth and emissions need not move in lock-step.
- The Kyoto Protocol put in place the architecture of an agreement to begin addressing the challenge of climate change. *fully the process and thereby a treaty*
- The United States is committed to *will* working to make Kyoto a reality - one that ~~can~~ be ratified and enter into force.

- That entails ensuring that the cost is reasonable and there is meaningful participation by developing countries.

• [] 2

- We recognize that developing countries must give priority to economic and social development, and we are prepared to create opportunities to address sustainable development goals via the Kyoto Protocol.

→ and otherwise (option 4)

- Last year, we began to turn Kyoto's broad concepts into working realities, with the Buenos Aires plan of action. In Bonn, the challenge is to keep the momentum going so that our work can be finalized by the end of COP-6.

- Unless we work together urgently to create the conditions necessary to bring the Kyoto Protocol into force, however, we risk missing an important opportunity to protect the earth's climate.

OR

We are rapidly approaching a fork in the road – unless there is real progress in Bonn, it may be impossible to complete the Buenos Aires plan of action by the end of COP-6. This may deal a fatal blow to Kyoto.

→ what is "real progress"? I like this option if we can answer that question.

Clearly, this last formulation would be setting a bar -- one that we may not be able to clear. There would be potential advantages and disadvantages to doing so and what may be advantageous diplomatically could well be disadvantageous domestically.

Potential Means of Dissemination

This section was prepared with the assistance of Sheila Austrian at USIS.

1. Get cable out to embassies with our message so they can start pushing it and using it to respond to press inquiries. By this time last year, this was already done. Recommend OES draft new cable ASAP with appropriate guidance from WH.

2. Presidential/Vice-Presidential Events. Consideration being given for state and local event, technology export initiative, Greening of the White House, Clinton/Blair cyber-summit, transportation E.O.

3. Op-ed by Frank Loy setting expectations for COP-5 for placement in Financial Times or other European publication. If proceed, recommend OES/WHCCTF produce first draft by 10/10.

4. Op-ed by Frank Loy/Bill Richardson/Carol Browner (pick 1 or 2) for placement in G-77 countries. If proceed, recommend WHCCTF oversee production of first draft by 10/10. USIA would seek to place.

5. Speech by Frank Loy setting expectations for COP-5. If we do this, forum will have to be sought.

6. Briefing by Frank Loy and Roger Ballentine for Washington reporters.

7. Placement of domestic action and other materials on USIA web site. Materials in production (see below). Recommend delivering to USIA for posting as soon as finished.

8. Background Briefings/Press Conferences at USIA Foreign Press Center. Several of these done by M. Kimble last year. Recommend two be done this year: one by high-level official setting diplomatic expectations; one by high-level official explaining domestic initiatives. These and similar events could also be done via USIA's WORDLNET TV satellite feeds (journalists in a 2-4 countries abroad ask questions in real-time; briefer can't see questioners, however) and/or by digital video conferencing (more like one-on-ones where both parties can actually see each other).

9. Direct USIA's Washington File writers to stories about U.S. domestic programs. This is USIA's wire service; stories get picked up abroad.

Potential Materials for Press Packet

1. Cover letter from Head of Delegation addressing overarching U.S. objectives for COP-5 and looking forward to COP-6. Recommend OES produce first draft by 10/1.

2. Fact Sheet on Buenos Aires Plan of Action. Recommend WHCCTF update State Department fact sheet from last January by 10/1.

3. Fact Sheet on CCTI & other climate-related investments. This would be the big one; agencies already tasked for draft inputs by 9/23. We may also want to group this with/staple/place in book with 4, 5 and, possibly, 6 and 7 below.

4. Fact Sheet on Federal Energy. DOE tasked to update 5 pager from June event; draft due by 9/23.

5. Fact Sheet on Bioenergy Initiative. DOE & USDA tasked to update 4 pager from August event by 9/23.

6. Fact Sheet on U.S. State and Local achievements. Recommend WHCCTF produce w/help from EPA and others as necessary; first draft by 10/1.

7. Fact Sheet on Private Sector Developments. Recommend WHCCTF produce w/help from EPA and others as necessary; first draft by 10/1.

8. Fact Sheet on Emissions Trading. Recommend updating COP-4 edition. WHCCTF to complete for OES review by 10/1.

9. Fact Sheet on CDM. Recommend updating COP-4 edition. WHCCTF to complete for OES review by 10/1.

10. Fact Sheet on Sinks. Recommend OES produce first draft by 10/1 w/input from USDA & EPA.

11. Fact Sheet on Compliance. Recommend OES produce first draft by 10/1.

12. Fact Sheet on latest science findings. Recommend OSTP produce first draft by 10/1.

13. Fact Sheets on Joint Implementation, National Security & Kyoto. Recommend not doing.

14. Bios of Roger Ballentine, David Gardiner, Mark Hambley, Frank Loy, David Sandalow, Jeff Seabright. Presumably these all exist.

cc: Susan Povenmire
Sheila Austrian

U.S. fully committed to completing the work done at Kyoto, and once issues of cost and developing country participation are resolved, we look forward to the historic achievement of a ratified Kyoto protocol. But the U.S. is not ~~waiting~~ delaying action to fight climate change etc.