

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: Council of Economic Advisers
Series/Staff Member: Subject Files
Subseries:

OA/ID Number: 21609
FolderID:

Folder Title:
Bonn COP-5 [Conference of the Parties-5] [Global Climate Change] [Binder] [2]

Stack:	Row:	Section:	Shelf:	Position:
S	21	4	11	1

3 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley ~~W~~

Subject: Supplement to COP-5 Update No. 9 (Nov 2/3, 1999)

This message conveys summaries of various meetings and side-events prepared by USDEL participants at the the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25-to November 5, 1999. This message should be read in conjunction with our regular COP-5 Update No. 9 for Mon/Tues, November 1-2, 1999.

The following reports are included:

- (a) A report on the Nov 1 JUSCANZ meeting as recorded by State's Jack Schick;
- (b) A report on the morning session of the COP-5 Plenary written by DOD's Dan Benton;
- (c) Notes on the afternoon session of the SBI drafted by DOE's Kurt Zwally;
- (d) Notes from the evening session of the Nov 1 SBSTA meeting prepared by DOE's Kate English;
- (e) A report on the SBI's night session on Nov 1 prepared by State's Duncan Marsh;
- (f) A report on the Climate Technology Initiative prepared by DOE representatives; and,
- (g) A copy of the speech delivered by Under Secretary of State Frank Loy at the opening of the COP-5 High Level Ministerial on Nov 2.

A

JUSCANZ 1 November 1999
Notetaker Jack Schick

Harald Dovlin, Norwegian Chair of SUBSTA, reported that COP President Szyszko told him he is still consulting on Item 5 of the COP agenda (where the Saudis have tried a change of language) and can see light at the end of the tunnel but did not share what that light might be. Szyszko reported no change in the Turkey or Kazakhstan issues.

Harald also described a prospective work schedule for the runup to COP 6, including two sessions of the Subsidiary Bodies with one week each and of the Contact Groups (CGs) with one week each. He expected COP 6 to be in November of next year. He mentioned John Ashe, Chair of SUBIM, as the author of this schedule. The Secretariat has pulled together a list of all the workshops next year. Harald added that resource needs will have to be identified as specifically as possible.

In addition, Harald believed he has agreements in the CGs on most of the issues for the SUBSTA wrap-up session today. Problems remain in the HFCs, bunkers, best practices, and LULUCF CGs, which need further meetings today. Outcome of the Non-Annex I Communications CG is still pending and may delay the start of the SBI meeting today.

New Zealand complained he was having trouble finding all the papers with draft conclusions and hoped for a more systematic dissemination by the Secretariat.

Iceland, which chairs LULUCF, reported that his CG is set to finish this morning. Australia said, in referring to Brazil's obstructive behavior, that he was looking for COP 5 to set up a process for further consideration of the issue. Iceland came back to say that his proposed conclusions present key elements of a framework to do just that.

Harald asked JUSCANZ to assist LULUCF to come to conclusions today because SUBSTA must wrap up its business tonight. It would be a shame to have all of this CG's work go to waste with a two-liner: the CG met; the CG could not agree.

The US weighed-in to say that a non-outcome in LULUCF would be unacceptable, that it would undermine otherwise constructive efforts to deal with sinks issues.

The Norwegian Chair of JUSCANZ lamented the difficulties within the Capacity Building CG, where the draft conclusions have brackets within brackets. The Friends of the Chair will be meeting.

The Norwegian Chair described the situation in the 4.8/4.9 CG as desperate. Japan reported that this CG had got through the preamble of the draft conclusions but is bogged down in the operative paragraphs. Japan is looking for recognition of measures already taken by Annex I countries for 4.8 (AOSIS) countries in order to continue our strategy of distinguishing 4.8 from 4.9 and confining Saudi Arabia just to 4.9 (OPEC).

The Chair said that tomorrow morning could be the last JUSCANZ meeting of this session, but the group can decide tomorrow whether to meet Wednesday morning.

B-1

**Notes for COP 5th Session
1 November 1999 (Morning)
Prepared by Dan Benton**

Statements to be made by Observer States and organizations, under item 10 of the agenda:

(presentations limited by Chair to 3 - 4 minutes each)

* indicates written statement attached

Non-governmental organizations

1. **Philippines National Core Group of Climate Change.** Mr Ferrer delivered the most incendiary statement of the morning, alleging that the governments most responsible for global warming had failed to act in good faith and that vested interests were derailing progress. Specifically, he stated that automatic crediting of CDM was unacceptable, even if it helped developed countries meet their targets, and that credit for AIJ was "another loophole." He warned that if the Kyoto Protocol does not enter into force in 2002 "other more radical means" were needed.
2. **European Landowners' Organisation (ELO) and the Confederation Europeenne des Proprietaires Forestiers (CEPF).** Mr Sayer began by stating that he was speaking only for ELO, not CEPF. He then related his father's own personal observations of climate change in his community since the end of WWII. He stated his belief that any improvement in the growing season in Europe from climate change would be offset by increased weather variability, thus, the spatial movement of agriculture was not possible. He urged the Parties to not rely on emissions trading, but reduce emissions domestically. At the end, he became the only person in the morning session to be cut off by the Chair for excessive time.
3. **European Atomic Forum (FORATOM).** Dr. Gisbertz noted that all methods of electrical generation have some impact on the climate, but asserted that there should not to be any exclusion of a technology that can fulfill the needs of the KP. He urged that there be flexibility to allow each country's circumstances to be considered in attaining compliance, and noted that nuclear energy is already allowing the avoidance of significant quantities of CO2 annually.
4. **International Chamber of Commerce.** Mr. Santaholma explained four critical elements that need to be met: 1) Mechanisms that work with the market, (2) non-discrimination in compliance and enforcement, (3) alignment with open trade and globalization, and (4) public/private partnership.
5. **International Council for Local Environmental Initiatives (ICLEI).** Ms Sonntag-O'Brien spoke about the Cities for Climate Protection Program, a constituency of local governments all over the world making voluntary commitments to improve livability of cities and manage urban growth. She urged immediate implementation of the KP and the use of domestic policies and measures to achieve its ends.
6. **The Business Council for Sustainable Energy (BSCE) and the European Business Council for a Sustainable Energy Future (eS).** Mr. Wolf, who represents worldwide natural gas, co-generation, and renewable energy sources, urged an end to the AIJ pilot phase by 1 January 2000 and certification of CDM from 1 January 2001.

B-2

7. ***Franciscans International.** Brother Spencer, providing the only serious competition to Mr Ferrer's remarks earlier, said it is "is disgraceful that the KP is being delayed to the detriment of many, to benefit only a few," and opposed compensation for eliminating pollution, specifically naming OPEC. He also opposed emissions trading, saying it "does no more but to allow parties to appear to be contributing, when in fact they are divesting themselves from individual accountability." He even took issue with the term "developing countries," which he termed "elitism of the north," calling it "degrading to the value, diversity, and attributes of local cultures and economies." In addition, he seemed to oppose the collection of inventory data by "poorer nations, saying that it served "virtually no constructive purpose. Finally, he called for COP6 to be the final date for adopting the implementation rules in the BA Action Plan to assure the KP would enter into force in 2002.
8. **The World Conservation Union (IUCN).** Mr. Orlando urged the COP to integrate the IUCN's work program into its discussions, because the IUCN document represents the participation of 74 states, 105 government agencies, and 700 NGOs from 138 countries. The IUCN's goal is to promote wider stakeholder involvement and to this end they have tabled a document on wetlands and climate change. As to LULUCF they urge that forest bio-diversity be maintained.
9. **National Association of Regulatory Utility Commissioners (NARUC).** Mr Garvey, the Chairman of the Minn. Public Utility Commission, spoke on behalf of the regulators of public electric utility generators advocating the promotion of market-based approaches and urging flexibility and simplicity. They support trading, JI, and CDM.
10. **World Business Council for Sustainable Development (WBCSD).** Mr. Stigson noted that 2010 was not that far off and that the COP should aim to reduce uncertainty. He noted that it was better to have an 80% solution to get moving now, and that mechanisms have a crucial role. He said that to avoid reinventing the wheel, we should use existing exchanges, verifiers, and certifiers.
11. ***Climate Action Network - Europe (CAN-E).** Ms. Schoeters, representing the northern members of CAN, stated that the planet was struggling and urgent action could not be delayed. She particularly took issue with the time wasted on the shall/should debate. She urged 2002 as the date for final entry into force. In perhaps the most incongruous sound-bite of the morning, she stated that momentum must be added to the negotiations "before the world becomes a greenhouse chamber, with us trapped inside."

Special Scientific Segment

1. ***World Meteorological Organization (WMO).** Professor Obasi appealed to the Parties to ratify and implement the Protocol. The urgency to do so, he stated, comes from (1) the steady increase in GHGs, with more than half of the increase from pre-industrial levels coming since 1950, (2) the rise in mean surface temperature of the earth, (3) the expected recovery of stratospheric ozone toward the middle of the next century and loss of the 30% offset it now provides, and (4) number of unprecedented weather extremes.

B-3

2. **United Nations Environment Programme (UNEP).** Mr. Topfer began by stating that the reality of climate change is no longer in question -- it is our greatest threat and there are no winners, only losers. On balance, he said that increasing poverty and excessive consumption are the two major causes. He particularly stressed the need to develop renewable energy sources to offset developing country reliance on firewood for energy. He stated that the KP must enter into force by 2002, and that green taxation is an imperative.
3. ***Intergovernmental Panel on Climate Change (IPCC).** Mr. Watson stated that it was not a question of whether the Earth's climate will change, but rather *when, where and by how much*. He brought to the attention of the COP what he believes is a potentially serious weakness in the international community's approach to issues of climate change -- treating global issues in isolation. Next, he updated the COP on the status of report preparation work of the IPCC: the special report on aviation, the special report on technology transfer, the special report on emissions scenarios, the special report on land-use, land-use change, and forestry, and the Third Assessment Report. He ended by bringing to the attention of the delegates what he termed the "dire financial situation of the IPCC."

United Nations bodies, Specialized Agencies and related organizations

1. **Global Environmental Facility (GEF).** Mr. El-Ashry noted that the GEF is developing fifty dialogue workshops for developing countries to explain how the GEF can help them. He argued against too exclusive a focus on capacity building, and stated that the GEF can only succeed as partners at the widest level -- people, governments, and the UNFCCC.
2. ***United Nations Development Programme (UNDP).** Mrs. Watanabe said her agency looked forward to COP6 putting into place rules and regs for the mechanisms and noted that an early, operational CDM would facilitate tech transfer and implement sustainable development.
3. **United Nations Educational, Scientific and Cultural Organization (UNESCO).** Mr. Bernal noted UNESCO's 50 years of experience in environmental science and uncertainty and explained in some detail the benefits offered by the Integrated Global Observation System (IGOS). He stressed that mitigation needs informed decision-makers, and UNESCO is here to provide education for everyone and is a resource for all.
4. **United Nations Industrial Development Organization (UNIDO).** Mr. D'Ambrosio noted that CDM and JI need full participation by industry. He specifically mentioned that China needs to remove barriers to investment and lower transaction costs. He also expressed concern about CDM bypassing Africa. He ended by saying he hoped COP5 would resolve outstanding issues so that COP6 could implement.
5. **The World Bank.** Mr. Johnson noted the World Bank's role in providing technical assistance for national strategies. He went into some detail about the Prototype Carbon Fund (PCF), established in July 1999, and closed with an endorsement of "truly sustainable development."
6. **United Nations Convention to combat Desertification (UNCCD).** Mr. Diallo highlighted areas of common interest between the UNCCD and UNFCCC, noting

B-4

particularly that dryland ecosystems have the potential to be significant carbon sinks. He reminded the delegates that the third COP of UNCCD will be held in two weeks and will focus on reports from African countries. He said he looked forward to participation of the UNFCCC Parties in the UNCCD.

7. **Convention on Biological Diversity (CBD).** Mr Zedan expressed concern for coral bleaching linked to high ocean water temperatures and noted that the CBD had prepared a report for the next SBSTA on forest diversity, which he hoped would be useful in LULUCF discussions. He closed by stressing the importance of sustainable management of forest ecosystems.

Intergovernmental Organizations

1. ***Convention on Wetlands (RAMSAR).** Mr Blasco noted the importance of UN conventions supporting one another in matters of common concern and sought support for L20, which would call upon the two secretariats to work together. Of particular interest to the U.S., he cited the President's Clean Water Action Plan as an example of important linkages between work on LULUCF and wetland conservation and restoration.
2. ***Organization for Economic Co-operation and Development (OECD).** Mr. Moe stressed the importance of sustainable development and outlined their three-year work plan for such strategies. He summarized its policy messages as: (1) KP targets are ambitious, (2) action to meet the targets is needed now, (3) the economic cost of meeting the targets is potentially significant, and (4) A-I countries should look beyond the KP targets to a time when even more ambitious targets will be required.
3. **International Energy Agency.** Mr Priddle proposed rules for benchmarking.

NOTES ON SBI 11
Monday, November 1, 16:00-17:00

BS
C-1

The Chairman opened the meeting and recognized the U.N. Food and Agriculture Organization whose intervention focused on several points including the role of agriculture in global emissions, and the need for a broad definition of LULUCF. Specifically, FAO acknowledged that Ag related emissions result from fuel consumption as well as deforestation, but stressed that poverty is the main driver of Ag related deforestation and the need to address this issue. FAO also asserted that the Kyoto Protocol's target's and timetables can not be met without a broad definition of sinks.

Item f – Methodological issues with harvested wood products: the Chairman's draft [1999/CRP/6] was accepted. New Zealand did object to some parties unwillingness to discuss this item further.

Item 9.9 – LULUCF: to be continued at 7:00 SBSTA meeting.

Item 8.b – Best Practices in Policies and Measures: The Chair noted that despite consultations on this issue, the group was not able to reach agreement. He invited interested Parties to meet with the Chair at 10:00 AM in Tuesday. Saudi Arabia again objected to the number of meetings being scheduled at one time, reminding the Chair of the agreement in the Plenary not to have more than 2 meetings at the same time. The delegate also indicated that Saudi Arabia would not object to the Chair's conclusion if the workshop can be held.

The Chair responded that the Tuesday AM consultation was not a formal contact group but an opportunity for interested parties to meet with the Chair, and so resolved.

Bunker Fuels: Further discussions will convene at an appropriate time on Tuesday.

Ways and means of limiting HFCs & PFCs: This item was deferred to the 7:00 PM meeting.

The U.S. based National Association of Regulatory Utility Commissioners (NARUC) was recognized for an intervention which called for the most expansive definition of Article 3.4 and Article 12 asserting such is critical to ensuring lower costs and the success of the mechanisms. NARUC asserted that a broad definition would spur the development of new technologies for monitoring changes in LULUCF. Advance in monitoring technologies used Noel-Kempf USUI project in Bolivia were cited as an example of innovative technologies that effectively verify carbon sequestered and do so at significantly lower cost than traditional land based methods.

Meeting Adjourned

Kurt Zwally

for
D-1

Notes from SBSTA
November 1, 1999 – 7:30 p.m. Session
Kate English

SBSTA Chair Harold Dovlin (Norway) called the session to order at 7:30 p.m. to discuss three documents:

- a) CRP.7 – Development and Transfer of Technologies
- b) CRP.5 – The relationship between efforts to protect the stratospheric ozone layer and efforts to safe \guard the global climate system; and
- c) CRP.8 – Methodological Issues: Land-Use, Land-Use Change and Forestry (LULUCF).

The Chair announced two remaining issues for SBSTA to be taken up at the next session:

- a) emissions from fuel-used for international transportation; and
- b) "best practices" in policies and measures.

HIGHLIGHTS:

- CRP.7 was adopted without objections.
- CRP.5 was adopted without objections.
- CRP.8 has one outstanding issue – brackets remain around paragraph 3 -- decision to recommend a draft decisions for adoption at COP5. All other paragraphs were adopted without objection.

The following points were raised by specific groups/Parties:

- Technical corrections were made to the draft text.
- Brazil for G77/C offered to remove the brackets in the preamble recalling decisions of past COPs.
- Switzerland requested the inclusion of the word "national" in the phrase "formats for the submissions of historical national data" in paragraph 10.
- Australia then offered its substitute language for paragraph 3, incorporating concerns raised at the contact group meeting following last week's SBSTA session. This morning Australia circulated a draft which called for the conference of the Parties to decide to "endorse a work program and elements of a decisions making framework to address the conclusions" on LULUCF made by SBSTA-11; and a recommendation for "initial draft decisions relating to 9/CP.4 paragraphs 3 and 4, recognising that further relevant decisions may be required by subsequent" COPs.
- The U.S., Finland and Canada spoke in support of the Australia language.

D-2

- Japan spoke in opposition, expressing their concern that the decision was quite an important one to Japan and that, while they understood the time constraint to finish this issue this evening, they needed time to consider the new language.
- The U.S. and others offered to work with Japan.
- While the Chair preferred to finish this issue this evening, the decision was to defer until the next SBSTA meeting on Wednesday or Thursday, requesting consultations to begin immediately and encouraging parties to stick to the proposal which is so close to consensus.

E

SBI Meeting, Monday, November 1, 8:30-10:00pm

Lording over the proceedings like a matador, Chair John Ashe led SBI through an occasionally contentious session Monday evening.

Under Intergovernmental Meetings, the decision to hold COP-6 in November 13-24, 1999 passed without significant objection. The next para contained the calendar of meetings for the 2000-2003 triennium, which included the U.S. proposal for splitting the subsidiary body meetings in year 2000 into two meetings, one in May and the other in September. Saudi Arabia immediately objected, saying Parties needed further consultation on this split, and that developing countries would have difficulty participating in two separate meetings. (He did not offer use of the Saudi delegation's private jet for these delegations.) China and India ("After the U.S. intervention, we are not just confused, but terrified.") followed with statements in support of the Saudis. The US, joined by Australia, Finland (EU), Canada and Japan spoke in favor of the decision text. Following another intervention by the Saudis, in which they asserted that the BA Plan of Action does not require decisions or conclusions at COP-6, Chairman Ashe took matters into his own hands. In a remarkable power move, Ashe stated the document was the product of extensive work by Party representatives, it was his view that it reflected consensus, and, without looking to the audience again, declared adoption and hammered the gavel down.

The decision on Annex I National Communications, passed through from SBSTA, was approved without notable objection, as were most Administrative and Financial matters. Russia, however, objected to possible growth in the biennial budget. Ashe, noting that Russia was not present in June when this issue received agreement, urged acceptance and got it. There was also a very limited discussion on the Financial Mechanism (GEF).

The last agenda item was non-Annex I national communications. India and China asked that sections considering inventories, response measures, and technological needs in the guidelines be deleted from the text. Finland and others countered, saying the text had received consensus. China vehemently argued that the chair of the contact group had adopted the text through over China's objections, and it had thus never received consensus. Ashe called upon the contact group chair, Mohammed El-Gaouth from Mauritania, who explained that China had indeed objected, but in the end along with the G-77 chair, agreed to the consensus. Ashe immediately declared the text adopted and the SBI meeting adjourned. China's Professor Zhong was livid, and a heated ten-minute exchange ensued between Zhong, El-Gaouth, India, Ashe and other G-77 figures. The Chinese delegation walked out still arguing, though by this point it seemed to be more internal than directed toward Ashe, El-Gaouth or others.

Duncan Marsh

2

Notes for Ambassador Hambley on the Climate Technology Initiative (CTI)

During the course of COP5, the Climate Technology Initiative, chaired by Abraham Haspel on behalf of the US, has been quite active, including interventions, an information booth, and several side events.

On Wednesday, 27 October, an intervention was made to the SBSTA by one of the CTI Vice Chairs, Ms. Maria Dalla Costa of Italy. This intervention reported on the various activities of the CTI during the past year which has included a series of technology training courses, technology diffusion seminars, and the preliminary work on a technology needs assessment for the 14 countries of the Southern African Development Community, known as SADC.

On Saturday, 30 October, the CTI conducted a side event at which some of the projects being pursued under its Working Group on Research and Development were presented. Another side event was held mid-day on Monday, 1 November. This extremely well attended event (nearly 200) was structured as an interactive roundtable where representatives of developing and transition countries, along with key members of the business, financial, and NGO communities provided candid opinions on what the CTI might do to better fulfill its mission to promote the more-rapid diffusion of climate-friendly technologies and practices. Also, on Monday, the CTI held a ceremony in the evening at which the 1999 World Climate Leadership Awards were presented. The five awards winners included individuals and organizations from four countries, two from India, and one each from the Netherlands, Sweden, and the United States.

G-1

EMBARGOED -
NOT FOR RELEASE OR PUBLICATION UNTIL DELIVERY
(estimated to be 5:15 p.m., November 2, 1999, Bonn time)

**Remarks Prepared for Delivery by Frank E. Loy
U.S. Under Secretary of State for Global Affairs
Fifth Session of the Conference of the Parties to the
UN Framework Convention on Climate Change
Bonn, Germany
November 2, 1999**

It is a great honor to be here in Bonn. For over four decades, this city stood as an emblem of humanity's determination to meet the great challenge of the 20th century – the challenge of preserving and renewing human freedom. Today, we draw on that rich legacy as we rise to meet one of the premier challenges of the 21st century – the challenge of preserving and renewing the earth itself.

The backdrop to our meeting is a growing scientific consensus on the causes and consequences of climate change. Just yesterday, for example, the officials at the International Coral Reef Initiative meeting passed a resolution calling on us to work with them to address the impacts of global warming on these fragile but vital ecosystems. We welcome their commitment.

Two years ago in Kyoto we put in place the basic architecture of an international strategy to address global warming. Last year in Buenos Aires, we laid out a road map for turning Kyoto's broad concepts into working realities. Our task in Bonn is to achieve the steady, solid progress that is necessary to ensure our ultimate success.

On behalf of President Clinton and Vice President Gore, I affirm to you today that the United States is more committed than ever to meeting this profound challenge – both at home and in concert with the nations assembled here.

Over the past year, the President and Vice President have launched significant new actions to reduce our greenhouse gas emissions. The President issued new Executive Orders to dramatically improve energy efficiency within the Federal government and to promote broader use of renewable energy. He also secured record funding for the research, development, and deployment of 21st century clean energy technologies. In addition, new efforts to address climate change are underway at the state and local levels and throughout corporate America. All of these efforts are part of Stage One of the President's larger three-stage plan, which we see culminating in binding domestic emissions targets and a domestic emissions trading system. I look forward to reporting on these efforts in greater detail at the Ministers' session on this topic on Wednesday.

Beyond our robust domestic efforts, our goal is to continue working with other nations to complete the work begun in Kyoto – to construct an international regime that works, to achieve an agreement that can be ratified. Chancellor Schroeder noted the other day that countries must implement at home what they promise abroad. Let us remember also that countries must negotiate abroad what

G-2

they can ratify at home. For it would do the world little good for negotiators to reach an agreement that is ultimately rejected by our nations.

Many delegates have expressed great concern over the prospects for U.S. ratification of the Kyoto Protocol. I believe the Kyoto Protocol can be ratified by the United States – but I am realistic about what that will take.

It will take, for starters, an agreement that is cost-effective. We need to develop rules on mechanisms, sinks, and compliance that get us the most environmental gain for each available dollar, euro or yen. We need rules that promote integrity and high standards while at the same time avoiding artificial limits so that nations can meet their commitments at a reasonable and predictable cost.

Realism also demands that we have more meaningful participation on the part of key developing countries. And I will say something more about this in a moment.

If we fail to meet these conditions, the treaty will not be ratified. If we do meet these conditions, we believe it will be.

We have been urged to bring this agreement into force by 2002. The United States strongly supports entry into force at the earliest possible date. But that means we must all redouble our efforts – both at this conference and in the period between now and CoP-6.

First of all, over the next few days here in Bonn, we need a consensus on a stepped-up, more intense, more focused process to complete the work outlined in the Buenos Aires plan of action. We must have more inter-sessional work with clear guideposts for our efforts if we are to ensure a successful outcome at COP-6.

Second, we need a mandate from this Conference to develop negotiating text on a number of important issues, including the Kyoto mechanisms. This is a critical point – negotiators need to have actual text soon if they are to get the job done in a timely fashion.

And third, both here and in the months ahead, we need to foster a new, constructive dialogue about developing country efforts.

Let me congratulate Argentina on the leadership and hard work that led to today's announcement. We are very encouraged also by the commitment of Kazakhstan. By taking on an appropriate emissions target that allows them to engage in trading, nations can simultaneously reduce emissions and contribute to their economic growth.

Other developing countries have also begun making impressive progress towards "de-carbonizing" their economic growth – achieving strong economic gains while dramatically slowing the increase in their greenhouse gas emissions. They are abandoning what President Clinton has called the outdated idea of the industrial revolution – that more economic growth means more pollution. We need to build on these successes and look for market-oriented strategies that will reap rewards for developing countries that voluntarily reduce their emissions.

6-3

So in addition to ongoing discussions about the timing and nature of developing country commitments, we would like to work together on a complementary track. We would like to open a new dialogue between developed and developing countries about how to use the Kyoto process to more effectively pursue sustainable development opportunities. We need to explore at a high-level, in an appropriate forum the progress that has been made, and how developed and developing countries can cooperate to broaden and strengthen this encouraging trend.

Everyone – both north and south – would benefit from learning more about how this movement towards sustainable growth has been accomplished, and how even greater progress can be achieved.

In summary, let me reiterate that the United States is fully committed to completing the work begun at Kyoto and looks forward to addressing the critical issues of cost and developing country participation, so the treaty can be ratified. But much remains to be done. And if we fail to move forward – both in Bonn and beyond – we risk missing an important opportunity to protect our climate for generations yet to come.

The German statesman Bismarck is reported to have said that “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 as well. Let us muster the political imagination and determination, if not genius, to catch the coattails of the passing horseman, so that we may meet this great challenge and pass on a healthy, livable planet. Thank you.

###

2

3 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley

Subject: COP-5 Update No. 10 (Tues/Wed, Nov 2-3, 1999)

The following transmits one of a series of informal and unofficial periodic reports on developments at the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25 to November 5, 1999. This report covers activities and discussions from the evening of Nov 2 to mid-day on Nov 3, 1999.

Also included with this report is the latest available copy of the NGO published **Earth Negotiations Bulletin**. The latter provides a useful accounting of some of the events. A supplement to this update will be issued which includes more detailed reports on various meetings, side-events, and contact group gatherings which are being prepared by various USDEL members.

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

3

3 November 1999

COP-5 Update No. 10 (Nov 2/3, 1999): Late Night Session Evolving as Difficult End Game Approaches

HIGHLIGHTS

- Ministers Deliver their Remarks and Begin their "Exchanges of View"
- Some Ministers Grappling with Outcomes and the Way Forward
- SBI, SBSTA, Compliance, and Joint SBSTA/SBI Schedule Evening Sessions to Adopt Recommendations
- Sinks, Adverse Impacts (Articles 4.8/4.9) Among those Items Still Pending
- Fourteen Latins form a Group of "Like-Minded Countries"

DETAILS

Ministers Deliver their Remarks

Ministers and Heads of Delegation from 101 countries delivered their formal remarks to the High Level Segment of the Fifth Conference of the Parties to the UN Framework Convention on Climate Change starting in the afternoon until 2330 hours on November 2 (Tuesday). Among the highlights were the following:

- (a) A call for ratification of the Kyoto Protocol by the time of the Rio plus ten conference in the year 2002 (echoing a theme introduced by Chancellor Schroeder on October 25) was mentioned by more than a dozen countries;
- (b) Argentina's Maria Julia Alsogaray delivered an excellent address in which she announced her country's target (from 2 to 10 percent below business as usual) and called for the Parties to create some kind of bridge to bring this idea into play;
- (c) Korea emphasized its support for development of a way by which certain non-Annex I Parties can undertake voluntary, non-binding commitments; and,
- (d) Many countries from all corners of the globe endorsed calls for the completion of negotiations by COP-6 on key issues and for the establishment of a firm way forward to achieve this objective.

4

And Begin their "Exchanges of View"

On Wednesday morning, the ministers began exchanging views on the first of two general topics of discussion: national experience. Unfortunately, the set-up of the hall and its overly transparent nature turned the session into largely a presentation of national positions with very little dialogue. The only difference is that the seating is more constricted so that delegations can only squeeze in two officials, rather than the usual four or five. One would hope that the afternoon session on the way forward towards implementation of the Protocol will be somewhat better organized.

Some Ministers Grappling with Outcomes and the Way Forward

Meanwhile, several ministers and senior officials are looking for ways in which they can leave their mark on this meeting. Such things as a formal ministerial statement appear doomed due to strident Chinese (to name a few Parties) objections. A strong summary of the discussions by the President remains a better possibility.

Suggestions that the President might be authorized or use his own authority to appoint a facilitator or a special group of friends to advance the negotiations during the intersessional period are among the ideas being proposed by Japan and certain EU countries. The Australian idea for some kind of authorization for a special ad hoc committee of the whole does not as yet have any legs, and given Chinese views condemning a ministerial statement, it appears most unlikely that the COP will endorse this idea.

We have received a credible report that following the afternoon session, the COP President (Jan Szyszko) will convene a special "ministers only" meeting to address issues raised during the exchanges of view. UK Deputy Prime Minister Prescott and Brazil's Science and Technology Minister Sardenberg have been mentioned as possible co-chairs. Stay tuned for developments.

SBI, SBSTA, Compliance, and Joint SBSTA/SBI Schedule Evening Sessions to Adopt Recommendations

Regardless of the activities of ministers, the negotiators will meet in four different plenary meetings to discuss outstanding matters, approve those which they can for forwarding to the COP for formal endorsement, and – supposedly – send for ministerial discussion and resolution, those matters that may require more intense work. Meetings of the Subsidiary Body on Implementation (SBI), the Subsidiary Body on Scientific and Technological Advice (SBSTA), compliance, and the Joint SBI/SBSTA are all to meet tonight (Wednesday), although no schedule has been released at the time of this writing.

5

Sinks, Adverse Impacts (Articles 4.8/4.9) Among those Items Still Pending

Several key issues have either unraveled since they were tentatively concluded or remain unresolved. Following is their current status:

Joint SBI/SBSTA Working Group on Compliance:

Following intensive negotiations on November 2, all Parties with the exception of Saudi Arabia and its OPEC allies have agreed on a compromise text which, among other things, emphasizes the need to begin negotiations at the next session in order to complete action by COP-6. Discussions continue tonight, but the Saudis may be holding compliance and other issues hostage to the discussions on Articles 4.8/4.9.

Joint SBI/SBSTA Session on Capacity Building:

As reported in Update No. 9, this issue had been resolved in the absence of the Philippine representative. Consensus unraveled on Nov 2 following Russian demands for a workshop on capacity building for the economies in transition. This was followed by a similar demand for a workshop by the G-77/China. A new draft was circulated on Nov 3 which accommodates these requests. However, the workshop schedule being proposed at this conference could simply overwhelm the ability of the Secretariat to cope within existing resources.

Joint SBI/SBSTA Session on the Mechanisms:

As of Nov 3, the decision remains. It will be formally adopted at the Nov 3 night session of SBI/SBSTA. Strong Saudi objections are anticipated.

Joint SBI/SBSTA Session: Article 4.8/4.9:

This issue becomes more problematic and difficult as time marches on. A three hour meeting on November 2 considered a new co-chairs' text. The U.S. and its umbrella partners argue that it is unacceptable. While it divides the workload between two back to back workshops which deal with adaptation and compensation, we are concerned that the latter workshop will lead us down a path we do not want to go. The Saudis, however, are pressing hard. With their threat (real or otherwise) to block other issues, we are concerned that the EU may consider altering its thus far hard-line position on this question. Matters should come ahead tonight.

Joint SBI/SBSTA Session on Activities Implemented Jointly (AIJ):

Additional discussions on this topic have apparently led to changes in wording which are acceptable to us but we are not delighted with the way this decision has been orchestrated. We will be discussing it with concerned business and NGO representatives tonight.

6

SBSTA: Policies and Measures:

This remains a matter of concern to the EU more than to ourselves. The issue remains OPBC's insistence that the proposed workshop's terms of reference include their adverse impacts scenarios. This inclusion has been unacceptable to us, although the Saudis are linking progress on this matter to progress on others that take their principal interests into account.

SBSTA: Bunker Fuels:

Engaged in a love-fest with the Saudis until 1 AM, the contact group on bunker fuels could not agree with Saudi demands that all consideration of this topic by ICAO keep the principle of "common but differentiated" firmly in mind. Moreover, the suggestion that the ICAO deliberations only focus on Annex I Parties was clearly not acceptable. It appears that only a much more watered down draft decision on this issue will be possible, although we will have to see what happens today and tomorrow (Wednesday night and Thursday).

SBSTA: LULUCF:

We almost had a fix to the sinks dilemma. However, Japanese mismanagement of this issue caused consensus to break down. We are striving mightily to save the situation but we are under no illusions as to the difficulties which present themselves.

Other Developments: Latins Form Their Own Sub-Group

We were informed by Mexico on November 3 that 14 Latin countries from North, Central and South America have organized themselves loosely into a group of "Like-Minded Countries." While nominally operating within the framework of the G-77/China this group will be issuing its own position papers on various topics starting out with ones on mechanisms, Articles 4.8/4.9, and sinks. The papers will be issued as Misc documents.

7

Comment:

The end game has clearly begun with some doubts now as to its outcomes. Clearly, the timing and invigorated time-schedule for the period up to and including COP-6 have been decided. Moreover, it appears as though the work programs for both the mechanisms and compliance will be advanced (if China can be kept on board). There is greater uncertainty about sinks and about the ability of ministers to register useful views on this and on other outstanding issues which have not been resolved. Moreover, it is still not clear the extent to which ministers will be able to give substance to their concerns about invigorating this negotiating process through encouraging President Szyszko to name an high-powered facilitator or group of friends to assist Parties to come to the necessary conclusions by COP-6. All of this will lead to a very interesting two to three days as this conference starts to pull to a close. **End Comment.**

IISD



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 120 Published by the International Institute for Sustainable Development (IISD) Wednesday, 3 November 1999

COP-5
#9

FCCC COP-5 HIGHLIGHTS TUESDAY, 2 NOVEMBER 1999

Delegates to COP-5 convened in a morning Plenary to hear statements by observer States, IGOs, NGOs and UN bodies. In the afternoon and evening, delegates heard statements from 101 ministers and other heads of delegation in a high level segment. The contact group on mechanisms met for further discussions, and informal consultations were convened on bunker emissions, adverse effects and compliance.

PLENARY

Statements by observer States, IGOs, NGOs and UN bodies: On progress made in climate change negotiations, PALAU said it was disappointed at the lack of progress being made at COP-5. OPEC said implementing the Kyoto Protocol would lead to dramatic economic losses for OPEC Parties, and called for equitable distribution of the costs of climate change mitigation. FRANCISCAN INTERNATIONAL said it was "disgraceful" that the entry into force of the Protocol was being delayed and, with CLIMATE ACTION NETWORK - EUROPE (CAN - E), called for its entry into force by Rio+10.

Regarding the Protocol mechanisms, WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT urged an early definition of mechanisms, governing structure and recommended that existing trade and investment frameworks be used. On the clean development mechanism (CDM) and joint implementation (JI), CAN - E said the CDM and JI should exclude nuclear power, clean coal and large hydro schemes. UNDP offered assistance for capacity building for CDM and JI. UNIDO said it was committed to the CDM's success in Africa. CAN - SOUTH EAST ASIA said trying to link AIF to CDM would create another loophole permitting Parties to renege on their commitments. The WORLD BANK noted that its programmes on activities implemented jointly (AIJ) had provided useful lessons for both North and South, and expressed willingness to expand it to cover countries that had been less well served by the pilot phase. FRANCISCAN INTERNATIONAL said JI should be used to promote clean development and opposed nuclear energy as an option. The NUCLEAR ENERGY FORUM said the choice of nuclear energy must be based on each country's circumstances.

On the development and transfer of technologies, the BUSINESS COUNCIL FOR SUSTAINABLE ENERGY highlighted the need to encourage private sector participation. The WORLD BANK noted that it was developing its prototype carbon fund as a means for promoting clean technology.

Regarding capacity building, the GEF outlined its ongoing and planned activities supporting climate change initiatives and noted that most GEF projects contain a capacity-building component.

On interlinkages, the CONVENTION TO COMBAT DESERTIFICATION, CONVENTION ON BIOLOGICAL DIVERSITY, and RAMSAR CONVENTION ON WETLANDS noted synergies and the potential for further cooperation between the FCCC and their respective conventions.

Special Scientific Segment: In a special scientific Plenary segment, the World Meteorological Organization (WMO) indicated that the atmospheric concentration of human-induced greenhouse gases (GHGs) and the mean surface temperature of the earth would continue to increase, and noted that the expected recovery of stratospheric ozone will lead to the strengthening of GHG atmospheric concentrations. The IPCC said it is not a question of whether the earth's climate will change, but rather when, where and by how much. UNEP emphasized domestic action and urged Parties to ratify the Protocol to ensure its entry into force by 2002.

HIGH LEVEL SEGMENT

COP-5 President Jan Szyszko opened the high level segment and welcomed participants. Klaus Töpfer, Executive Director, UNEP, stated that science has provided a sound basis for addressing climate change. He said developed countries need to address their consumption and production patterns, stressing that technologies were available to reach the Protocol target. He said ratification by 2002 was achievable.

Michael Zammit-Cutajar, Executive Secretary of the FCCC, said that for there to be successful negotiations based on the BAPA: leading industrial economies should engage in early domestic action; CDM should be made the cornerstone of a North-South compact at COP-6; the bottlenecks in the delivery and consideration of non-Annex I Parties' national communications should be addressed; a credible regime prohibiting targets from being achieved solely through "hot air" and "sinks" must be developed; and the Protocol must enter into force by 2002.

Editor's note: to see today's Plenary statements in full, visit: <http://193.159.251.11/COP-5>.

COP-6: On the progress of negotiations, several Parties expressed hope that key negotiating texts, such as on compliance and mechanisms, will be produced at COP-5 to enable the BAPA to be fulfilled by COP-6.

Protocol ratification: Numerous Parties supported the Protocol's entry into force by Rio+10, 2002, including, *inter alia*: BULGARIA, CANADA, CARICOM, the EU, FRANCE, GERMANY, HAITI, IRELAND, ITALY, JAPAN, SPAIN, SWEDEN, and the UK. The EU said more ambitious emissions reduction commitments than those agreed to at Kyoto were needed.

Mechanisms: Many Parties said the use of mechanisms should be supplementary to domestic action. The EU highlighted its proposal setting a ceiling on the use of the mechanisms, and urged the development of a revised negotiating text by COP-6. Several Parties supported the prompt adoption of principles and modalities, rules and guidelines for the mechanisms. The G-77/CHINA said

This issue of the *Earth Negotiations Bulletin* is written and edited by Paola Bertelli (pbertelli@iisd.org), Chad Carpenter (chadc@iisd.org), Angela Chuno (chuno@iisd.org), Lavanya Rajamani (lavanya.rajamani@herford.ac.uk), Chris Spence (spencec@iisd.org) and Juliette Voisin (jvoisin@iisd.org). The Editor is Pamela Choeck, Ph.D. (pam@iisd.org) and the Managing Editor is Langston James "Kimo" Govea (kimo@iisd.org). The WWW Content Editor is Peter Doran (pdoran@ecology.u-net.com). Digital engineering by Andrei Henry (ahenry@iisd.org), Kenneth M. Toog (ktoog@iisd.org) and Richard Stokes (rstokes@iisd.org). Photography by Leila Mead (leila@iisd.org). French translation by Mongi Gadhoun (mongi.gadhoun@iisd.org). Logistics coordinated by P.J. Goldfeder (pjgold@iisd.org). 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 Landscapes, the United Kingdom Department for International Development (DFID) and the European Commission (DG-XXI). 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 Ministry of Environment and Foreign Affairs of Austria, the Ministry 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.org and at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R2B 0Y4, Canada. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD and other funders. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.org/linkages/>. The satellite image by The Living Earth, Inc., at <http://www.living-earth.com>. For information on the ENB, send e-mail to enb@iisd.org.

differences in the nature, scope, purpose of and participation in the three mechanisms should be decided before making decisions on modalities, operational and methodological issues and institutional arrangements. The US called for the mechanisms to be designed cost effectively and developing countries to participate meaningfully.

CDM: The G-77/CHINA indicated that the host government should determine whether a particular project meets its sustainable development objectives. Several Parties said nuclear energy projects should not be eligible under CDM or JI. A number of developing country Parties said the eradication of poverty continues to be their overriding priority and said the GEF should continue to finance projects that are not eligible under the CDM. The AFRICA GROUP said issues of afforestation, reforestation and the preservation/reclamation of wetlands should feature highly among CDM projects. SLOVAKIA, on behalf of the VISEGRAD Group of central European countries, said rules on JI and CDM should enter the implementing phase simultaneously.

Compliance: Many Parties called for an effective and strong compliance system. The G-77/CHINA called for a comprehensive, efficient and fair compliance system. The EU called for a revised negotiating text for a decision to be adopted at COP-6. Several Parties called for substantial progress to be made at COP-5.

AIJ: The G-77/CHINA supported the continuation of the pilot phase and, with ZAMBIA, highlighted the imbalance in the geographical distribution of AIJ projects. The AFRICA GROUP said the issue of access to development financing through AIJ required urgent resolution at COP-5.

Development and transfer of technology: The G-77/CHINA indicated that developing countries are constrained by lack of; necessary technologies and "know-how"; appropriate institutions and financial resources; and regular forums to exchange ideas and build positions. Several developing Parties said the transfer of environmentally sound technologies (BSTs) is the only way to guarantee that developing countries will not develop unsustainably.

Sinks/LULUCF: AUSTRALIA and others said sinks can contribute to a better outcome for the environment by lowering the cost of abatement action. AOSIS expressed concern that the inclusion of land-use change in national inventories may allow countries to recalculate their inventories and "erase" the bulk of what was achieved at Kyoto.

Adverse effects: The G-77/CHINA, NEPAL and others said developing countries are the most affected by climate change, and Annex I countries must implement their commitments relating to provision of financial resources and technology transfer. Several developing country Parties stressed the need to operationalize FCCC Articles 4.8 and 4.9 and Protocol Article 3.14 (adverse effects).

Participation/voluntary commitments: Many Parties noted the need for global participation. AOSIS and others stated that, at the appropriate time, it will be necessary for all countries to participate formally in the effort to reduce GHG emissions. ARGENTINA announced that it had adopted a voluntary target to reduce its GHG emissions, noting that it does not intend to abandon its status as a non-Annex I Party. She said their target would be to achieve a 2 to 10% reduction below "business-as-usual" in the 2008 - 2012 period. KAZAKHSTAN said it intended to join FCCC Annex I. JAPAN, the US, AUSTRALIA and others welcomed the initiatives by Kazakhstan and Argentina. The EU said a possible way of making all countries limit their GHG emissions is to agree on increasing global participation after the first commitment period. CHINA and INDIA said Annex I countries have the main responsibility. CHINA said it would not undertake commitments until it achieves a "medium development level."

Domestic action: Many Parties said domestic policies and measures should be the main means to fulfill the Kyoto targets. The G-77/CHINA and AOSIS expressed disappointment at recent emissions data revealing that many Annex I Parties are significantly exceeding 1990 levels. The EU said industrialized countries must take the lead in reducing their GHG emissions.

Capacity building: The G-77/CHINA, the AFRICA GROUP and others said capacity building is necessary to ensure meaningful participation from developing countries. BANGLADESH called on Parties to earmark funds from the GEF for LDCs. GERMANY urged donor countries to provide the financial means to assure the operations of the GEF.

Non-Annex I communications: The G-77/CHINA highlighted insufficient financial resources to meet the "agreed full costs" in the preparation of non-Annex I communications.

In addition, Parties highlighted the need for: a financial mechanism to assist SIDS in achieving adaptive capacity; strong leadership from Annex I countries in taking responsibility for action on climate change; and a meeting to explore the needs of Parties with economies in transition.

As of 8:00 pm, approximately 50 speakers were scheduled to address the Plenary.

CONTACT GROUP ON MECHANISMS

Delegates forwarded to SBI/SBSTA a Chair's draft decision and conclusions on the mechanisms requesting the Chairs of SBSTA/SBI to revise and update the synthesis of Parties' proposals based on further submissions.

Delegates expressed views on the project cycle of emissions trading. AOSIS sought the establishment of a common set of principles across all the mechanisms, including the principles of environmental integrity and additionality. The US said the integrity of the emissions trading system would be founded on monitoring and reporting under Protocol Articles 5 (methodological issues) and 7 (communication of information) and the existence of registries. The G-77/CHINA said the nature and scope of emissions trading must be determined before operational details are worked out. He added that the postulate "you cannot sell what you do not own" should circumscribe the nature and scope of emissions trading. The US and others noted the need to develop cost-effective mechanisms. The EU stressed the need for the mechanisms to be underwritten by strong monitoring and reporting requirements. SWITZERLAND suggested a "post-verification model" wherein emission reduction units could not be transferred until they have been certified to be excess Assigned Amount Units. Parties also expressed views on, *inter alia*: the notions of "fungibility," liability and book keeping.

IN THE CORRIDORS

Concerns about the "good faith" of some negotiators were raised by a number of participants, who thought that high-level statements of political will failed to square with the fact that many Annex I Parties' emissions are significantly higher than their 1990 levels. Others were exasperated with Parties they claim are attending sessions with the sole purpose of delaying or undermining agreement, and even speculated on avenues for official action to reprimand or exclude them. Some underscored the importance of this issue for COP-6 in light of the incoming G-77/China Chair.

THINGS TO LOOK FOR TODAY

PLENARY: COP-5 will resume its high level segment at 10:00 am in Plenary I for an exchange of views among participants.

JWG: The JWG on compliance is expected to meet in the evening to adopt its conclusions and a draft decision.

SBSTA: SBSTA is expected to meet in the evening to consider outstanding items on its agenda, as well as the report on the session.

SBI: SBI is expected to meet in the evening to consider the report on the session.

SBI/SBSTA: A joint SBI/SBSTA session is expected to convene in the evening to conclude its work.

INFORMAL CONSULTATIONS: Consultations will be held on adverse effects and "best practices." Consult the announcement board for further details.



United States Delegation
Conference of Parties (5th)
United Nations Framework
Convention on Climate Change

Bonn, Germany

FAX COVER SHEET

From: Mark G Hambley

To: Ms. Conchita DeShazo

Number of pages, including cover sheet:

Subject: Rep Voucher

Phone: (49) (228) 981-4372

Fax: (49) (228) 981-4373

Phone: 202 647-1535

Fax: 202 647-3970

Date: Wed 3 Nov 1999

Message

Conchita

- ① Attached is information about a representational event previously approved in Washington.
- ② Please prepare it so I can get the money back soon after arrival.

Dinner

Tuesday, November 2, 1999
at 8:00 p.m.
Maternus Restaurant
Loebestr. 3 - Bonn-Bad Godesberg
Tel.: (0228) 362851

Guest List

Host

Frank Loy, Under Secretary of State for Global Affairs
Head of the U.S. Delegation to the Fifth Conference of Parties

Guests

accepted	Mr. John Prescott, Deputy Prime Minister United Kingdom
accepted	Mr. David Anderson, Minister for the Environment Canada
accepted	Ms. Sadu Hassi, Minister for the Environment Finland
accepted	Mr. Robert Hill, Senator for the Environment and Heritage Australia
accepted	Mr. Michael Meacher, Minister for the Environment United Kingdom
pending	Mr. Jan Pronk, Minister for the Environment Netherlands
pending	Ms. Kayoko Shimizu, Minister for the Environment Japan
accepted	Mr. Jan Szyszko, President of the Fifth Conference of Parties Poland
accepted	Mr. Juergen Trittin, Minister for the Environment Germany
accepted	Mr. Erkki Tuomioja, Minister for Trade and Industry Finland
accepted	Ms. Margot Wallstroem, Environment Commissioner European Union
accepted	Mr. Ichita Yamamoto, State Secretary for Foreign Affairs Japan

American Guests

Roger Ballentine, Deputy Assistant to the President, Executive
Office of the President

David Sandalow, Assistant Secretary of State for Oceans and
Interior, Environmental and Scientific Affairs

Ambassador Mark G. Hambley, U.S. Climate Negotiator



CTICORP © KARTENSERVICE

Ted I Monst. I Jan

Derivati

12/1/97

Genehm.
Nr.

[illegible]

Q14

Be'ng

DM 1948 P: 12

DM

200 -

DA

செய்து
பெற்று

-	2	1	4	5	1	0
---	---	---	---	---	---	---

Pallosoin seipäin wäijä

Belastungsbeleg

21710673

Unterschrift des Kartographischen
Zahlungsanerkennung: Ich anerkenne die Richtigkeit des angegebenen
Gegensatzes und verpfichte mich zur Zahlung entsprechend der den
Gebrauch dieser Karte gesetzten Bedingungen.

für Speisen und
 Getränke für
 20 Pers.
 1.948,10

Weinhaus Maternus
 Loobstr. 3, 4 128/3828-51
 53723 Bonn

Incl. ____% MWST u. Bedienungsgeld

4 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley

Subject: COP-5 Update No. 11 (Wed/Thur, Nov 3/4, 1999)

The following transmits one of a series of informal and unofficial periodic reports on developments at the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25 to November 5, 1999. This report covers activities and discussions from the evening of Nov 3 to mid-day on Nov 4, 1999.

Also included with this report is the latest available copy of the NGO published **Earth Negotiations Bulletin**, along with a copy of the NGO rag, **ECO**. The latter provides a useful accounting of some recent events. A supplement to this update will be issued which includes more detailed reports on various meetings, side-events, and contact group gatherings which are being prepared by various USDEL members.

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

4 November 1999

COP-5 Update No. 11 (Nov 3/4, 1999): Over Saudi Objections, Decisions on Key Issues Taken Forward to the COP

HIGHLIGHTS

- Ministers Exchange Views on the Way Forward;
- SBI and SBSTA Conclude Their Agendas with Forward Looking Recommendations;
- Saudi Arabia Increasingly Isolated as Latins, Africans and Others seek a More Response Approach to the Problems Associated with Climate Change

DETAILS

Ministers Exchange Views on the Way Forward;

The heart of the high level segment of the Fifth Conference of the Parties of the UN Framework Convention on Climate Change was held on Wednesday afternoon (Nov 3) when ministers and senior officials addressed the topic of the "way forward" to COP-6. Both the UK and the U.S. supported a Bonn Declaration that could intensify the process, although Saudi Arabia and Kuwait spoke against this proposal.

Similarly, the idea for establishing a committee of the whole also received mixed reviews. A proposal to authorize the President to appoint some kind of senior level special facilitator (promoted by Japan) was received with greater warmth, but none of these ideas received consensus.

At the end of the three hour debate, the President asked if Ministers would like to meet in private for more intensive discussions. However, it was decided that this would not be necessary, especially after UK Deputy Prime Minister Prescott scotched the idea.

A Decision on the Implementation of the Buenos Aires Plan of Action

Following these deliberations, COP President Jan Szyszko of Poland read out a proposed decision which is intended to take note of the progress to date and to underscore, officially, the COP's support for intensifying the negotiating process. This became a matter of considerable debate for several minutes on the COP floor on Nov 4 (Thursday) when Saudi Arabia strenuously objected to its content. However, the Guyanese representative (who leads the G-77/China caucus) was pulled aside by UNFCCC Executive Secretary and assured him that her mandate from the G-77 was to support this statement.

A few minutes later, when delegates had returned to their seats, President Szysko, in a move applauded by delegates, gaveled the decision through to adoption by the COP plenary. Saudi Arabia's Muhammad Al-Sabban immediately protested, noting his government's strong objection to any facilitator or negotiating session outside of the subsidiary body process. The President took note of his objection. A copy of this decision is included.

President Prepares a Summary of the Exchanges of View

The President also read out his summary of the Nov 3rd debate. We had been concerned that it would focus on the call by a majority of delegations for ratification of the Protocol by 2002. However, this phrase was watered down in the final text which, in any case, has no official standing and is not (in theory) subject to negotiation.

SBI and SBSTA Conclude Their Agendas with Forward Looking Recommendations;

During an extended night session on Nov 3, the Joint Working Group on compliance, the Joint SBTA/SBI working group; and the SBSTA and the SBI themselves all cleaned up their outstanding items in decisions favorable to the U.S. Decisions on capacity building, the mechanisms, adverse effects, activities implemented jointly, and compliance were all approved at the joint SBSTA/SBI session. Several of these decisions involved lengthy additional work, after initial deals fell through, but in the end satisfactory conclusions were reached.

In the SBI, as well, there was progress to report as decisions on both the budget and non-Annex I communications were approved. The deal on the latter had threatened to unravel due to last minute amendments suggested by China and India in which the latter would have requested a consultative group of experts to consider the needs and the availability of financial resources and technical support. The decision was saved by the introduction of that favorite legal phrase: "as appropriate" at strategic points in the text.

In the SBSTA, decisions were adopted without debate on Annex I communications, policies and measures (no reference to Articles 4.8/4.9 are in the terms of reference for the April workshop); and sinks (although the latter was plagued with last minute objections, the latest being from the Germans). Bunker fuels was watered down by the deletion of conflicting options supported by Saudi Arabia the EU. At the chair's suggestion, supported by the U.S., both options were deleted from the text.

Another lengthy kaffuffle emerged over a topic with an otherwise innocuous-sounding title of "Cooperation with Scientific Organizations," in this instance with the Global Environment Facility. In the end, the tangle over whether the GEF should provide funds to support the IPCC was sorted out, but not without about an hour's worth of floor fighting.

Only Three Issues Remain for the COP Plenary to Resolve

Only three substantive items remain to be discussed and/or decided by the COP, and these decisions will not take place until later this afternoon (Thurs, Nov 4) or on Friday, November 5. These issues are the question of Item Five on the agenda that deals with "the adequacy of commitment under Articles 4.(a) and (b) of the Convention" (the G-77 wants to either amend the language or to delete the item; both options are unacceptable to us); the status of Turkey's request to withdraw from Annex I and Annex II of the Convention (this matter will be postponed until COP-6); and Kazakhstan's request to join Annex I (the Kazakhs are pushing for a vote on this topic if they fail to achieve consensus, which they do not have). Canada is currently trying to work out a decision which acknowledges Kazakhstan's efforts to date, keeps its application active, and saves face for the Kazakh officials who are unlikely to be able to win a vote on the floor (which requires three-quarters of those present).

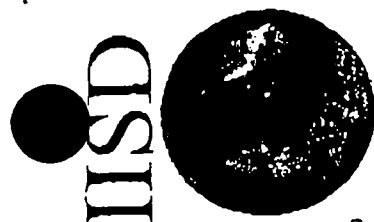
The Saudis are Further Isolated

The one point that has been demonstrated by the previous day's events is just how isolated Saudi Arabia has become in this process. Since the Saudis launched their campaign early in this conference for a decision framework for compensation, they have been increasingly on the ropes. The fifteen member Latin American caucus (all of the key players with the exception of Brazil) which formed a "like-minded" group earlier this week (see Update No. 10) is now reaching out to Africa to see if they together can form an alliance with other countries (perhaps the Alliance of Small Island States) seeking progress in this process. Some 48 African countries participated in the first meeting of this group.

Comment:

While many are gloating about the way the Saudis (and their fifteen or so allies are being treated), one should pause to consider the precedent. The time may come when we are faced with decisions that we find difficult to swallow. However, there is enough ill sentiment in the hall against us (from certain European countries, for example), that a scenario could be envisioned where our views will not be given the weight they deserve. This has already happened during the climate change negotiations twice (over the deletion of our "evolution" proposal and over our misgivings over Article 26 which prevents Parties from raising reservations on the Protocol), and it could happen again.

End Comment.



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 121 Published by the International Institute for Sustainable Development (IISD) Thursday, 4 November 1999

COP-5
#10

FCCC COP-5 HIGHLIGHTS WEDNESDAY, 3 NOVEMBER 1999

Delegates to COP-5 convened in a high-level segment to exchange views on progress made so far in addressing climate change and on the way forward. The Joint Working Group (JWG) on compliance adopted the Co-Chair's draft conclusions relating to compliance under the Kyoto Protocol. The Subsidiary Body for Implementation (SBI) adopted a decision on non-Annex I communications and its report on the session. The Subsidiary Body for Scientific and Technological Advice (SBSTA) adopted its report on the session and draft conclusions on, *inter alia*, "best practices," land use, land-use change and forestry (LULUCF), and emissions from fuel used in international transportation. A joint SBI/SBSTA session adopted draft conclusions on adverse effects, activities implemented jointly (AIJ), mechanisms, capacity building and compliance.

HIGH-LEVEL SEGMENT

PROGRESS MADE: During the morning session, delegates exchanged views on progress made in dealing with climate change and on lessons and challenges.

Several developing country Parties stressed the need for technology transfer, capacity building, financial resources and adaptation to address climate change. Some Parties urged an increased focus on renewable energy. BHUTAN and BANGLADESH called for special attention to LDCs' needs. NEW ZEALAND underscored the need for greater attention to greenhouse gases (GHGs) other than CO₂.

INDONESIA emphasized the importance of making benefit assessments, not just cost assessments, of the Protocol. He called for the Protocol's entry into force by 2002. SWITZERLAND, JAPAN and the NETHERLANDS urged Parties not to wait for ratification before starting to implement actions to address climate change.

On lessons learned, FINLAND, with CANADA, underscored good working relationships between all partners and stakeholders in implementing climate change policies. He added that there is a need to set the framework and rules for market operations. Some Parties stressed the involvement of the private sector. The EUROPEAN COMMISSION said experience has shown that reducing emissions has been less costly than expected and has led to greater benefits. With SWITZERLAND and HUNGARY, she emphasized the need for increased domestic action and called for continuation of AIJ and a smooth transition in the future to the clean development mechanism (CDM) and joint implementation (JI).

The PHILIPPINES and CANADA recommended the use of no-regrets policies. MALAYSIA and MEXICO sought consistency in policies between different environmental fora. BULGARIA called for a meeting to address the specific features of countries with economies in transition (EITs) before COP-6.

SWEDEN highlighted sector integration, sector responsibility and economic instruments as being central to FCCC implementation. GERMANY said addressing climate change could create new jobs.

NIGERIA said Annex I countries were unsympathetic to its concerns about the effects of response measures on its economy. IRAN highlighted the need for confidence-building between developed and developing countries through concrete practical cooperation. CHINA said attempts by some Parties to get developing countries to "meaningfully participate" were destroying confidence-building efforts between developing and developed countries.

THE WAY FORWARD: During the afternoon session, delegates exchanged views on the way forward in relation to promoting implementation of the Buenos Aires Plan of Action (BAPA) and the early entry into force of the Kyoto Protocol.

On outcomes from COP-5, the UK, supported by KAZAKHSTAN and the US, and opposed by SAUDI ARABIA, proposed a Bonn Declaration reaffirming the political will to complete the BAPA by COP-6. KUWAIT said the proposal for a Bonn Declaration was premature.

On preparations for COP-6, many Parties called for intensified efforts and for the role of the President to be strengthened in order to achieve success on the BAPA at COP-6. ARGENTINA, supported by FINLAND and BENIN, said innovative approaches were needed and called for the establishment of small task forces in the run-up to COP-6. She said traditional groupings among countries to develop common positions may no longer be appropriate.

JAPAN, supported by KAZAKHSTAN, BOTSWANA, the US, CANADA, BENIN, ICELAND, HONDURAS and SOUTH AFRICA, suggested that COP-5 President Szyszko (Poland) be empowered to appoint a special facilitator to assist negotiations and help Parties realize the BAPA by COP-6.

AUSTRALIA proposed the establishment of a Committee of the Whole (COW) chaired by a facilitator vested with the requisite authority by the COP-5 President. The US said it could support this, but that a COW should not substitute for Japan's proposal for a facilitator. BELGIUM supported a flexible approach focused on achieving successful outcomes and said a COW or another new structure should be transparent and monitored by all Parties.

CHINA, with SAUDI ARABIA, VENEZUELA, KUWAIT, INDONESIA, and LIBYA, opposed the proposals to establish new groups or mechanisms to assist progress toward COP-6, stressing that the existing FCCC bodies and structures should be employed to this end. CHINA, supported by KUWAIT and others, said a facilitator would not be able to visit and confer with all Parties. Several Parties said any new mechanism or group should operate in a transparent and accountable manner. NORWAY said ministers should be engaged in the process between the COPs.

This issue of the *Earth Negotiations Bulletin* (ENB) (enb@iisd.org) is written and edited by Paola Bertelli (pbacelli@iisd.org), Chad Carpenter (chad@iisd.org), Angela Churio (achurio@iisd.org), Lavanya Rajamani (lavanya.rajamani@herford.ox.ac.uk), Chris Spence (spencechris@hotmail.com) and Juliette Voinov (cedrickohler@msn.com). The Editor is Pamela Chazotte, 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.u-net.com). Digital engineering by Andre Henry (ahenry@iisd.org), Kenneth M. Tong (ktong@interlog.com) and Richard Stokes (rstokes@iisd.org). Photography by Laila Meed (laila@interport.net). French translation by Mongi Gadhoum (mongi.gadhoum@cmb.ind.in). Logistics coordinated by P.J. Goldfeder (rgoldf14@aol.com). 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, the United Kingdom Department for International Development (DFID) and the European Commission (DG-XXI). 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 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.org) and at 181 Portage 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 and other funders. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.org/linkages/>. The satellite image by The Living Earth, Inc., at <http://www.livingearth.com>. For information on the ENB, send e-mail to (enb@iisd.org).

Earth Negotiations Bulletin

Thursday, 4 November 1999

Vol. 12 No. 121 Page 2

Other issues highlighted by Parties included: implementation of FCCC Articles 4.8 and 4.9 (adverse effects); the framework and rules for CDM and other mechanisms; the need for domestic action; the complementarity of the mechanisms; capacity building; voluntary commitments; AIJ; and ratification of the Protocol.

JOINT WORKING GROUP ON COMPLIANCE

Co-Chair Rønneberg (Marshall Islands) presented the draft report of the JWG on its work during the 11th session of the joint SBI/SBSTA as well as the decision on the future work of the JWG annexed to this report. The JWG discussed the draft decision which requests the JWG to report to COP-6 to enable it to adopt a decision on a compliance system under the Protocol at COP-6. The UK, CHILE, MICRONESIA, COOK ISLANDS, SWITZERLAND, the US, TUVALU, AOSIS, CANADA, JAPAN, AUSTRIA, KIRIBATI, the EU, NEW ZEALAND, FRANCE, the GAMBIA, BRAZIL, SOUTH AFRICA, AUSTRALIA, SLOVENIA, NORWAY, POLAND, BELGIUM and GERMANY supported the adoption of the Co-Chairs' draft decision in its current form. QATAR, KUWAIT, the SUDAN, VENEZUELA, SAUDI ARABIA, LIBYA, ALGERIA, NIGERIA, SYRIA, OMAN and JORDAN suggested alternative language whereby the JWG would report to COP-6 "with a view" to adopting a decision on a compliance system, as this would be more consistent with the BAPA. The JWG adopted the draft report, taking note of the views expressed. Rønneberg suggested that the difference in ambition be taken-up in the joint SBSTA/SBI meeting.

JOINT SBSTA/SBI

CAPACITY BUILDING: Delegates forwarded a recommendation for COP-5 to adopt the draft decisions on capacity building in developing countries (FCCC/SB/1999/CRP.9) and on capacity building in EITs (FCCC/SB/1999/CRP.10). The MARSHALL ISLANDS expressed its opposition to a top-down approach and entered a reservation on the request to the Secretariat to coordinate with bilateral and multilateral institutions in preparing the elements of a draft framework for capacity building activities.

MECHANISMS: Delegates adopted the draft conclusions, including a draft decision, on mechanisms pursuant to Protocol Articles 6 (JI), 12 (CDM) and 17 (Emissions Trading) (FCCC/SB/1999/CRP.6).

ACTIVITIES IMPLEMENTED JOINTLY: Delegates adopted the draft conclusions on AIJ under the pilot phase, including a draft decision recommended to COP-5 for adoption (FCCC/SB/1999/CRP.5). Minor amendments were made by AIJ contact group Co-Chair de Boer (The Netherlands) and the paragraph on the eligibility of AIJ for incorporation under JI and CDM was deleted.

ADVERSE EFFECTS: Delegates adopted the recommendation for COP-5 to adopt the draft decision on the implementation of FCCC Articles 4.8 and 4.9 (Decision 3/CP.3 and Protocol Articles 2.3 and 3.14) and matters relating to Protocol Article 3.14 (FCCC/SB/1999/CRP.3).

COMPLIANCE: Delegates considered the report of the JWG on compliance on its work during SB-11, as well as the annexed decision on the future work of the JWG (FCCC/SB/1999/CRP.7). IRAN requested SAUDI ARABIA and the countries on whose behalf it spoke to join the consensus. SAUDI ARABIA noted that since the joint SBI/SBSTA had recommended for adoption the draft decision on adverse effects, he would join the consensus. The report and its annexed decision were adopted.

SBI

The Chair of the contact group on non-Annex I communications, Mohamed Ould el Ghaoth (Mauritania), introduced amendments to the decision on non-Annex I communications (FCCC/SBI/1999/CRP.10/Add.1) including, *inter alia*: a request to the consultative group of experts to consider, "as appropriate" the needs for and the availability of financial resources and technical support; and a request to the Secretariat to make information on non-Annex I communication experts available on the FCCC Internet site. The decision was adopted as amended.

Decisions on income and budget performance in the biennium 1998 - 1999 (FCCC/SBI/1999/L.9) and on the programme budget for the biennium 2000 - 2001 (FCCC/SBI/1999/L.8) were adopted, on the understanding that the scale of contributions set therein would not set a precedent. Delegates then adopted the draft report of SBI-11 (FCCC/SBI/1999/L.11).

SBSTA

NATIONAL COMMUNICATIONS FROM ANNEX I PARTIES: Delegates adopted by consensus the Chairs' draft conclusions and recommended a draft decision to the COP on "best practices for policies and measures" (FCCC/SBSTA/1999/CRP.10).

LULUCF: SBSTA Chair Doyland (Norway) recalled that delegates had already adopted most of the draft conclusions and said that the new document (FCCC/SBSTA/1999/CRP.8/Rev.2) includes a decision on the issue whereby the COP endorses a work programme and elements of a decision-making framework to address LULUCF. The MARSHALL ISLANDS registered its reservation on attempts by international financial institutions and the financial mechanism to influence what should be government decisions. The draft conclusions and recommendation for a decision were adopted.

EMISSIONS RESULTING FROM FUEL USED IN INTERNATIONAL TRANSPORTATION: Delegates adopted the draft conclusions and draft decision (FCCC/SBSTA/1999/CRP.11) after deleting two alternative paragraphs, the first calling for ICAO and IMO to continue efforts to limit GHGs taking into account FCCC Articles 2 (objectives) and 3 (principles) and, in particular, common and differentiated responsibilities; and the second taking into account the goals of the Protocol and the FCCC.

COOPERATION WITH SCIENTIFIC ORGANIZATIONS: On a draft decision urging Parties and IGOs to provide financial support to the IPCC (FCCC/SBSTA/1999/CRP.9), delegates differed on the need for a reference to the GEF. The EU, with AUSTRALIA and CANADA, opposed it as the GEF would not be able to provide the support the IPCC required. CHINA said the GEF "cake" was barely enough to go around 130 developing countries. BRAZIL favored the reference as the GEF was the FCCC financial mechanism and a significant proportion of the IPCC's finances are used to finance developing country participation. Parties adopted a decision deleting the reference to the GEF but inviting the "SBI to consider the issue of support to IPCC at SB-12 in the context of recommending additional guidance to the GEF." Delegates adopted the draft report of SBSTA-11 (FCCC/SBSTA/1999/L.11).

IN THE CORRIDORS

Although Ministers at the high-level segment agreed on the need to intensify efforts in preparing for COP-6, a proposal by Japan to establish a facilitator to assist the COP-5 President in undertaking consultations and maintaining the necessary political momentum was met with mixed feelings in the corridors. While some considered that a full-time facilitator would be indispensable to accelerating the pace of negotiations in the run-up to COP-6, others felt this would be detrimental to the open, participatory process that many believe to be crucial to a successful outcome at COP-6. A number of observers linked the proposal for a facilitator to the fact that COP-5 will take place earlier rather than later. Some suggested that the key to success at COP-6 could lie in combining a fully-participatory approach, supported by capacity building, with the political impetus that a facilitator could provide.

THINGS TO LOOK FOR TODAY

HIGH-LEVEL SEGMENT: COP-5 will resume its high-level segment at 10:00 am in Plenary I for an exchange of views among participants.

PLENARY: COP-5 will meet in Plenary at 4:00 pm to consider the reports of the subsidiary bodies.

USD WEB SITE: For the latest Internet coverage of COP-5, visit ENB's updated site at: <http://www.lisd.ca/climate/COP5>.

CLIMATE NEGOTIATIONS BONN OCTOBER-NOVEMBER '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 COP5 in Bonn, October-November 1999.

The Way Ahead?

Ministers showed a refreshing commitment to advancing the negotiating process during the past two days of discussions on implementation of the Buenos Aires plan of action. NGOs are heartened by the many calls in Ministers' speeches for early entry into force of the Kyoto Protocol - by Rio + 10 in April 2002, and by the renewed sense of urgency that many ministers expressed.

Yesterday afternoon's Ministerial Round Table session saw a lively debate, with many countries clearly keen to push the process forward. Japan was particularly constructive, with its proposal to appoint a facilitator who would do the rounds of capitals over the coming year in order to create progress in the discussions. Several Annex I Parties endorsed this idea, with the clarification that the facilitator would be appointed by, and work on behalf of, the

COP President.

The United Kingdom and USA also deserve recognition: the UK for its call for a Bonn Declaration that would establish COP5 text as negotiating text; the US for urging that civil society be involved in next year workshops on the Kyoto mechanisms and compliance to be held.

During the evening's Subsidiary Bodies sessions on the decisions emerging from this COP, most of the lingering disputes that had them all tied up in knots were swept away with deft gavel banging, to the credit of all concerned. Subject by subject they are:

Mechanisms

Chairman Chow has done a commendable job of finding a way for the parties to actually begin discussing substantive issues about the CDM, Joint Implementation and Emissions Trading.

-continued over, col. 1

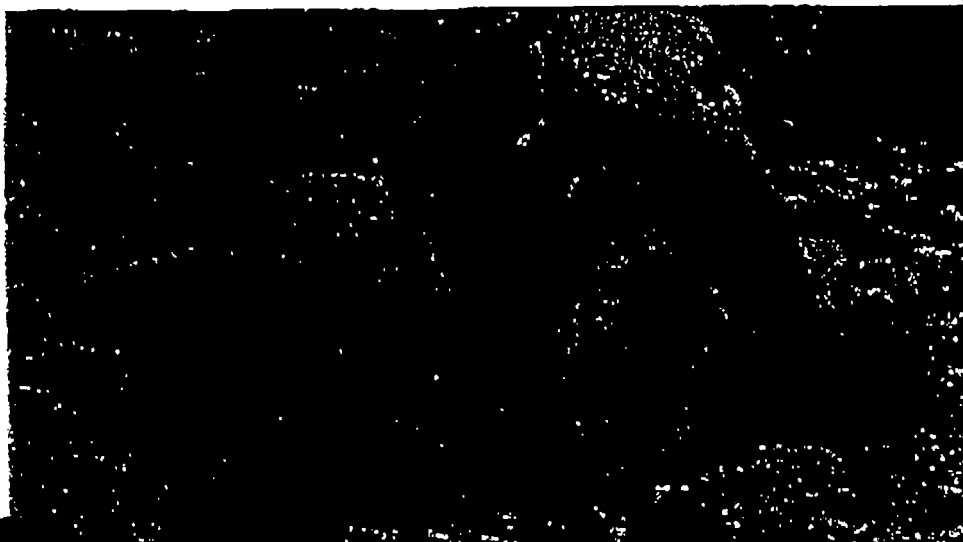
Taking the Plunge

Delegations of Argentina and Kazakhstan gave greater precision Tuesday to their announced interest in taking commitments to limit their greenhouse gas emissions.

CAN NGOs welcome these important steps. However, they may have raised more questions than they put to rest. Among the issues that still have to be addressed are:

- Environmental integrity - Of paramount importance is the environmental integrity of any target adopted by any nation. Targets should not include any potential "hot air" - projected emissions included in the target merely for the purpose of obtaining economic benefits. Targets should beat business as usual projections of emissions growth, and should be measurable and verifiable.
- Policies and measures - Little mention was made of each country's plans to implement its targets. It is vital that detailed information be provided in order to be able to verify the true nature of the commitment.
- Methodologies - The methodologies used in the development of the proposed baselines and projection scenarios were not sufficiently elaborated. Even assuming that a country takes on a voluntary commitment for all of the right reasons, there remains the problem that almost all non-Annex B countries lack reliable baseline emission estimates, nor do they have reliable emission projections. To its credit, Argentina called for review of the proposed target by SBI, but what this means in practical terms is not yet clear. It is important that standardized and consistent methodologies be required. This is especially important for gases other than CO₂ and non-energy

-continued over, col. 2



Monitoring and verification inspector explores new source of emissions

ISSUE NO 8

VOLUME CII

FREE OF CHARGE

CLIMATE NEGOTIATIONS BONN OCTOBER-NOVEMBER '99 NGO NEWSLETTER

-The Way Ahead?, from front page

His synthesis text has been accepted as the basis for negotiations (although some are loathe to actually use the dread word!). This will be supplemented by submissions made by Parties up to January 31, 2000. The decision to be approved at COP5 requests the Chairmen of SBSTA and SBI to convene intersessional meetings and workshops to prepare for COP6, which will be crucial if we are to get ready to make decisions next year. NGOs (both environmental and business) apparently will be able to participate in the workshops. It is worth noting that the present synthesis text prepared by Chairman Chow still has many gaps: we refer all Parties to the detailed position paper prepared by the Climate Action Network on the mechanisms for inspiration in filling those gaps.

Sinks

After a surprise interjection two days ago by Japan to stop the adoption of a decision on sinks, a final text was adopted last night by the SBSTA. This came after a week of painful, long, hot sessions with many round-about interventions. However, after all the complaining and fear of data in past sessions, the group has decided it doesn't need to hide from data any more. An ambitious workplan has been set with lots of data, and a view to starting the process for a hopefully sound decision at

COP6. Not there yet - start looking at those criteria.

Bunker Fuels

Unfortunately this issue was not resolved in a very constructive way. A complex debate, involving a number of options for the draft text, which had looked as though it would be resolved successfully, fell apart on an important provision calling on ICAO to make early plans for mitigation. A number of mainly-OPEC G77 countries excised this request, on grounds that claimed to be about equity, but were in fact designed to prevent action. The EU made brave attempts to broker a compromise by proposing language that addressed equity concerns, but their efforts were spurned. This result will not be good for developing countries. As the EU representative pointed out last night: "a typical intercontinental return flight contributes as much to global warming as a small family in Bangladesh does over a full decade of daily life".

Adaptation and Compensation

Finally it seems that the usual suspects keen on hijacking this issue are beginning to see some sense.

The ploys by the OPECs to hold hostage progress on Article 4.9 by insisting on a package approach in addressing these two issues together had clearly raised the hackles of many parties, especially when, in not so subtle words,

they threatened to derail progress on other issues.

The final draft decision adopted last night is a clear vindication for small island states and least developed countries who are already beginning to experience adverse impacts of climate change. Now we can get down to the business implementing Article 4.9. The decision calls for a further two workshops, which will deal with addressing adaptation and compensation issues separately. It requests the chairs to submit two separate reports at the next Subsidiary Body meetings for recommendations at COP6. The decision adopted is a major step forward in implementation of Art 4.9, as it separates the two issues - something AOSIS has been pushing for for some time.

Compliance

Lo and behold they actually did it. After much handwringing over the Saudi-circulated OPEC statement opposing a strong decision on compliance, the rest of the world stood up and said no. In effect, the COP5 decision on compliance strengthens the COP4 decision by stating that a decision *shall* be adopted at COP6. Under the masterful chairmanship of Sir Espen, in his final performance, the Joint Working Group managed to escape the side attack from the oilies and continue on its constructive way. Good work folks. We'll see you at the workshop.

-Taking the Plunge, from front page

activities.

- Use of mechanisms - Whether or not a flexible target is appropriate for a developing country, the selection by Argentina of a GDP indexed approach must preclude its use of the Annex B flexible mechanisms.
- Ratcheting - A key outstanding issue is whether or not these commitment should trigger an adjustment in existing Kyoto commitments in order to maintain the overall 5.2 percent Annex B target. It is vital that this already inadequate target is not weakened further.
- Articles 5 and 7 - At no point was it established if and how Argentina and Kazakhstan plan to comply with Article 5 and 7 of the protocol.
- Legal and procedural issues relating to how a nation joins Annex B or the unspecified "alternative" mentioned by Argentina in its announcement need to be addressed.

Since these announcements will set a precedent for future commitments, it is crucial to create a structured, open and transparent process for considering possible future voluntary commitments.

The Fossil Record

Another day, another Fossil... contenders for yesterday's award were many and varied, with France, Luxembourg, Norway and even the European Commission being mentioned, however by a somewhat obscure process, there were only two actual nominations. The first went to the UK, for blocking the EU from opposing nuclear power in the CDM; the winner was Kuwait, for offering the worst ministerial speech of them all, managing to avoid all mention of climate change, and concentrating entirely on economic damage to OPEC countries. Saudi Arabia, you don't stand alone... well, not quite, anyway.

THANKS

The Climate Action Network would like to thank the World Wildlife Fund, Greenpeace International, the National Environmental Trust, Environmental Defense Fund, the Glastonbury Festival, the Swedish NGO Secretariat for Acid Rain and Union of Concerned Scientists for financial assistance. With resources contributed by German Forum for Environment and Development, APC Networks and Apple Computer.

Ludwig

Espen Ronnenberg from the Marshall Islands, like so many before him, is moving on from negotiator in a UN forum to a position in a UN agency. As well as wishing him well in his new post, Ludwig would like to offer him special congratulations for managing to keep a straight face throughout yesterday's Compliance session, as he wielded his final gavel to rule out OPEC. He will be a hard act to follow.

Editorial/Production: Alistair Sieghart; Sheena Lee.
World Wide Web Edition: Richard Elen
Electronic Distribution: Letani Arris for EcoNet
Assistance from: Nathalie Eddy; Jennifer Morgan;
Jim Barnes; John Lanchbery; Daphne Wysham;
Ram Uppuluri; Christina Kopemik-Stockel
Published by: The Climate Action Network.
Eco can be contacted at the Insel Hotel,
Theaterplatz 5-7, Bad Godesberg, 53177 Bonn.
Tel. +49 (0)228 9500223; Fax 3500333.
E-mail: asieghart@gn.apc.org
Website: <http://www.lgc.org/climate/Eco.html>

4 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley ~~1-0~~

Subject: Supplement to COP-5 Update No. 11 (Nov 3/4, 1999)

This message conveys summaries of various meetings and side-events prepared by USDEL participants at the the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25-to November 5, 1999. This message should be read in conjunction with our regular COP-5 Update No. 11 for Wed/Thur, November 3-4, 1999.

The following reports are included:

- (a) Reports on the Nov 2 & 3 JUSCANZ meetings as recorded by State's Jack Schick;
- (b) A report on the High Level Speeches during the evening session of the COP-5 Plenary prepared by unknown parties;
- (c) Notes on the morning exchange of views on national experiences, Nov 3, prepared by USEU's Susan Snyder;
- (d) Notes on the Nov 3 meeting on compliance prepared by L/OES's Evan Bloom;
- (e) Notes on the Nov 3 SBSTA meeting;
- (f) A report on the Climate Technology Initiative prepared by DOE's Abe Haspel; and,
- (g) A copy of the October 3 rag, ECO, with an hilarious depiction of "Meaningful Participation."

A-1

JUSCANZ 2 and 3 November 1999
Notetaker Jack Schick

2 November

At the outset, Japan reported rather apologetically that it was trying to resolve the sinks issue it had raised yesterday at the last minute.

The US gave an extensive rundown of the status of most issues gleaned from a Chair's coordinating meeting just prior to JUSCANZ, reporting in particular:

- Laborious sessions on 4.8/4.9.
- Ivo DeBoer's determination to gavel through a draft text on AIJ while ignoring Japan and the US
- Chairman Chow's comment that the EU needs to take home a negotiating text and work program on mechanisms because the EU Environment Council has officially called for a decision at COP 5 on a negotiating text. Ivo was not concerned about what Chow's text is called as long as it is available at the end of the session. Chow has agreed to provide a pile of papers one can call a negotiating text. Norway noted that broadly-based pressure is building for progress on the mechanisms.
- The Capacity Building Contact Group is finished except for the workshops issue.
- The pace in LULUCF has quickened with resolution of the issues forthcoming.
- The G 77 has finally engaged on the bunkers issue with its paper awaited today.

The US anticipates all the loose ends being wrapped up Wednesday night at the Joint SUBSTA/SBI meeting.

New Zealand inquired about the budget impact of all the calendar events lined up for next year. The US reported that the Secretariat has a \$1 million carryover that will not be enough. Substantial contributions to the Trust Fund will be needed. Norway asked just how much would be needed. New Zealand said a clearly justified budget is required based on number-crunching.

3 November

The Norwegian Chair observed that 4.8/4.9 was still on the agenda today as among the unresolved issues. The US reported that last night's three hour meeting was a virtual slugfest with Saudi Arabia threatening to take his issue to Ministers. At this point, the draft too aggressively favors an impacts analysis of response measures.

Going on to the compliance issue, New Zealand reported that the draft text is nearly agreed, which calls for negotiations to begin at the next SUBSTA meeting in June and to complete them by COP 6. He described it as a good text satisfactory to the EU, Umbrella Group, China, and AOSIS.

The US noted that Russia had reopened the Capacity Building text that the Co-chairs thought they had completed to complain of no workshop for Economies in Transition. The G 77 then moved to demand a workshop too. However, both these demands have budget and calendar implications.

Switzerland expressed hope for a bunkers text that, at this point, is in trouble even though Saudi Arabia has finally engaged with a G 77 text. The US joined in to report that the Saudis want to burden ICAO with "common but differentiated" language and constrain ICAO decisions on this subject but wants any ICAO decisions to apply to Annex I parties only.

Mexico closed the meeting with good news that a group of like-minded Latin American countries has been meeting to draft papers with common views willing to move forward on mechanisms, LULUCF, and 4.8/4.9.

Japan was absent today.

B-1

Summary of High-Level Speeches
November 2, 1999

6:00pm-8:00pm (all times approx.)

Australia (6:00pm): challenge at COP6 is political will, not technical; need an "honest broker"; mechanisms and sinks can contribute to better environment by lowering costs and providing tech transfer; developing country participation also needed—congratulated Argentina, hopes it is first of many to come; domestic measures—Australia has spent AU\$1 billion thus far.

Zambia (6:06pm): financial, resource constraints in doing national communication; CDM, capacity building, financial mechanism in Protocol all key; wants quick implementation of 4.9, 4.10; disappointed only 1 AJI project in Africa, wants more equitable distribution of projects; debt consolidation/forgiveness, technology transfer needed to help get investment.

Canada (6:14pm): Annex I must have meaningful domestic action—Canada will do majority of GHG reductions at home; Canada also encourages participation of all countries – should facilitate capacity building, adaptation; wants ratification at earliest date; need intensified effort at COP5, constant momentum in months to come.

Burkina Faso (6:18pm): agreed with African Group statement (Uganda); mentioned 4.8/4.9, 2.4(?), 3.14; called for 18-month plan for developing countries with help on adaptation, with money from mechanisms.

Mongolia (6:22pm): developed countries should take leading role; 2 challenges for developing—socioeconomic and implementation; developing country implementation dependent on developed country implementation, Art. 4 also key; underlined importance of 4.8, 4.9.

Haiti (6:26pm): concerned with lack of Annex I commitments; called for Annex I assistance to developing countries and moves to accelerate entry into force of Protocol.

Nepal (6:34pm): vicious circle of degradation and mismanagement in developing countries because of lack of knowledge; capacity building important, also CDM, sinks and emissions trading.

Botswana (6:39pm): preparing national communication, all stakeholders to be involved in discussion once done; studies ongoing on sectors vulnerable to climate change; preparing documents for joining Protocol; commended U.S. for country study program, also GEF for its program; nevertheless, concerned with slow pace of funding; loan program in Botswana to help individuals buy solar panels.

Spain (6:46pm): want COP-5 conclusions that ensure COP-6 results; hope COP-5 will intensify negotiations, not just transition; want declaration, not new formal act; want rules for practical implementation; developed countries must lead, provide

capacity building to developing. On Spanish domestic action: 12% renewables by 2010, waste management to decrease methane, 12% increase in forest cover by 2010.

Bulgaria (6:52pm): national plan of action awaiting approval; have pilot AIJ with the Netherlands, expect projects with Denmark, Italy, Austria, Japan. Proposed meeting on PAMs with focus on Countries in Transition.

Bolivia (6:56pm): want forests in CDM—help decrease deforestation; support idea that any country can determine its GHG levels and negotiate projects; said joint but differentiated action cannot stall progress on Kyoto; first national communication will be done by COP-6.

Italy (7:03pm): Protocol should enter into force no later than 2002; no nuclear power in CDM.

Burundi (7:08pm): called on COP to promote framework action to increase technical capacity of African countries; also called on COP to adopt clear resolutions for GEF, others; first national communication (done with GEF help) will be ready by COP-6.

Sweden (7:12pm): international responsibilities are greater than national interests; wants substantive results on compliance, focus on vulnerable countries.

Benin (missed most): national communication ready in coming months.

Germany (7:24pm): must have text for mechanisms, compliance at COP-5; called for Protocol ratification no later than 2002; developed countries must change production and consumption patterns—to do this need quantified limits on Kyoto mechanisms; loopholes could devalue Protocol; rejects nuclear in CDM/JI; said need more action in international aviation; urged all donor countries to provide funds to GEF; "Germany ready to implement at home what agreed internationally"; mentioned domestic measures taken, realizes need more.

Romania (7:29pm): EU enlargement process has been positive influence on sectoral strategies; priorities are to restructure energy sector, develop co-gen systems, modernize energy-intensive sectors, increase public city transport, afforestation; challenges are capacity limits (resources, technology, money, legislation); mechanisms money should go to decrease energy consumption, enviro reconstruction.

Djibouti (7:34pm): Djibouti putting in place institutional structure to deal with climate change, but resource problem; Annex I should assist developing countries.

India (7:41pm): work on mechanisms should settle on basic principles; int'l action should not eclipse domestic action; for CDM, receiving country should decide on area and technologies needed for projects; capacity building important; domestic policies in India—solar, wind, regulations.

Luxembourg (7:49pm): mechanisms important, but supplemental; need common and coordinated international policies; agree 2002 ratification date; Luxembourg increased ODA in last few years.

(... ..)

Oman (7:53pm): working with UNDP, UNEP/GEF on domestic policies.

Kazakhstan (7:56pm): supports efforts of all countries to combat climate change; called for practical action by Parties; noted pilot projects important.

2:00pm-10:00pm (all times approx.)

Maldives (9:05pm): national communication ready early 2001.

Rwanda (9:11pm): subscribes to G-77/China statement; assistance is indispensable; want COP-5 to make concrete progress on: capacity building (including financial), Art. 5 & 6, tech transfer, adaptation.

Bhutan (9:19pm): 4.8/4.9 should be given highest priority, especially funding and tech transfer; agree 2002 deadline for Protocol entry into force; Bhutan agreed to keep 60% forest cover forever and banned export of timber since last year; soon will have GEF project.

Switzerland (9:26pm): agrees 2002 ratification date; need to define mechanisms; compliance key for implementation and capacity building; called for negotiating texts out of COP-5.

Ghana (9:29pm): capacity building key; need Protocol synergy with other MEAs; Annex I shouldn't consider mechanisms as means to get non-Annex I to take all the actions.

South Africa (9:35pm): called for agreement on action plan on 4.8/4.9 to get agreement by COP-6; wants ratification, entry into force sooner rather than later; called on Annex I to remember common but differentiated measures; key issues to move forward on: 4.8/4.9, capacity building, tech transfer, mechs and compliance; wants early start to CDM; wants projects/funds to Africa increased.

[Moldova (9:40pm) – missed speech]

Greece (9:42pm): need accelerated pace to ensure decisions at COP-6; no nuclear in CDM; wants early ratification; capacity building key Annex I commitment to developing; mentioned Greek domestic action.

Indonesia (9:58pm): need win-win solutions; compliance, mechanisms key; significant domestic action by Annex I a must; called for CDM implementation; no nuclear in CDM; wants sinks, coastal management as further areas for AIJ; financial support needed from Annex I; supports convening intersessionals; mentioned review of Annex I commitments.

Kiribati (9:55pm): supports AOSIS statements; wants more concern focused on AOSIS concerns/most vulnerable countries; wants timely measures on adaptation.

C-1

By: Susan Snyder

Summary of High-Level Exchange on
"National Experiences/Domestic Action"
November 3, 1999

Ministers were given 3-4 minutes to share their domestic actions in combating climate change and any lessons learned.

Australia: has in place compulsory actions on renewable energy, auto emissions, building codes; renewables to increase to 12%; total commitment just under Aus\$1 billion. Lessons learned: start early, properly fund, a lot possible through "no regrets measures."

Nigeria: complained Annex I not sympathetic on response measures.

Peru: wants IPCC report on land use and land-use change and forestry (LULUCF) on agenda of COP-6; fact that many publications only in English unhelpful.

Denmark: climate change abatement is tougher than one thinks, but results more positive than think with national measures; Denmark half way to achieving 2005 target; renewables sector created 20,000 jobs; have CO2 quotas for power generation industry and CO2 energy taxes; full revenue of tax back to industry to finance energy efficiency or to lower labor costs; claims no loss of competitiveness.

Bangladesh: Annex I failing to keep commitments; adaptation measures need more financing and immediate action; plea to look at special needs of LLDCs.

Japan: created special gov't committee, with Prime Minister in chair; June '98 guidelines, April '99 climate change law, April '99 amended energy efficiency law with stricter standards for autos; has voluntary agreements with industry; promoting cooperation with developing countries.

China: said widening north-south GDP gap very disquieting; noted wide difference in per capita GHG emissions between Annex 2 and developing countries; much of developed country progress still on paper. Lessons learned: 1) "luxury" emissions of Annex 2 disquieting, 2) also disquieting are attempts to minimize domestic efforts and to change Kyoto mechanisms into something vs. Protocol principles; said Articles 17 & 6 being twisted, 3) call for developing country commitments is in contravention of Protocol and Berlin mandate; destroying confidence building.

Finland: created separate Ministerial group in Spring to draft national program by Spring 2001 on how Finland will meet its Kyoto target; have legislation calling for increase of 50% in renewables by 2010 (w/R&D investment, tax incentives); opening electricity, gas markets; wants energy taxes on EU level; formulating new legislation on: waste/methane, ecolabeling, emission monitoring of passenger cars; undertaking voluntary agreements with industry.

European Commission: EU will reach stabilization target in 2000; EU goal of doubling renewable energy by 2010 (6 to 12% generally; 9-18% in heat & power industry); also plan to increase energy efficiency by 1% each year; in transport sector, just completed voluntary agreements with European, Japanese and Korean auto associations (ACEA, JAMA, KAMA). Developed should assist developing with institutional and technical capacity building; AIJ pilot phase should continue; mechanisms could usefully supplement domestic action.

UK: strong developmental agenda exists in Protocol, UK keen to develop all options. UK long way to achieving its target, intends to go further with self-imposed target of 20% decrease; will have draft program next year, to include measures on energy efficiency (tax from 2001, ecolabeling), integrated transport policy (ex. graduated car tax, public transport improvements), aim of 400% increase in renewables (wind, biomass) by 2010. Lessons learned: stress quality of life benefits to public of taking actions.

Mexico: stressed importance of linkages of Protocol with other MEAs, UNEP should look at this; called for development of regional agendas to share experiences; Mexico has set up intersectoral committee to discuss national action plan, which was published this year; will ratify Protocol soon; working on 2nd national communication; hoped Protocol reality by 2002.

Bolivia: stressed importance of participation by all Parties; expressed admiration for progress in developed countries, with awareness of climate change in all sectors--different situation in developing countries where other government Ministries and industry not aware. Bolivia ratified Protocol without debate, for example. All this related to need for capacity building--developing countries need real training in order to have substantive participation.

Bulgaria: already developed national action plan; have pilot projects with Netherlands, Denmark, Austria, Italy, Japan. Put forward suggestion of having working meeting prior to COP-6 to exchange views on problems specific to economics-in-transition. [Secretariat took note of proposal.]

Cuba: noted its difficult economic situation and fact that much of day don't even have electricity; energy saving measures undertaking: increase public awareness, differentiated tariffs; has tried to diversify energy sources--solar, biomass (sugar); problems--don't have access to technology transfer; developed countries must help developing world assimilate new technology; noted importance of establishing atmospheric monitoring system.

Iceland: made point that already switched from fossil fuels to renewables in 1980; working on problem of emissions from transport.

Hungary: national action program ready by end of year; believes Annex I should achieve targets through domestic measures; mechanisms important as supplement; hope

C-5

COP-5 can make progress on continuing AIJ; agreed on need for additional intersessional activity--workshops and/or negotiating sessions.

Syria: noted widening north-south gap. On Syria's domestic measures: adopting energy management and national plan for environmental protection, modifying cars, looking at renewables (wind, sun); awaiting technical know-how--called for increased tech support from Annex I.

Canada: active interest in IPCC, GCOS; Canada diversifying fuel mix, energy efficiency programs by sector. Plans different for different regions in Canada. Flexibility is key to meeting targets--NOT for avoiding them. 4 key lessons learned: 1) broad engagement of public essential, top-down approach won't work; 2) need to work with/draw on public sector; 3) technology critical, Ottawa encouraging new & quick dissemination; 4) emphasis the positive--"win-win" actions.

Indonesia: benefit, not just cost assessments needed; compliance, enforcement key for mechanisms and key for moving in 2002 with credits; 2002 should be latest date for ratification and for setting up compliance regime.

Azerbaijan: will accede to Protocol in near future. Now 30% below 1990 levels, but knows will increase. Seeking: to privatize economy, get foreign capital in energy sector; next year will build largest electric power plant in region; looking at renewables in energy sector. Noted its lack of experience on climate change matters, need for tech transfer (especially projects for renewables) without which cannot participate in process.

Sweden: said CO2 taxes a success; has put \$1 billion for renewable energy, phase-out of nuclear, etc; CO2 one of 15 environmental quality objectives; giving subsidies to wind, solar; undertaking sectoral integration, looking at econ instruments--discussing working with air and sea transport sectors; doing AIJs in Baltics. Emphasized need to strengthen UNEP and GEF. Made plea for Parties to participate in PAMs workshop (in Copenhagen in the Spring).

Switzerland: agreed with China that Annex I should give further thought to confidence building measures. Switzerland on path to stabilize CO2 emissions at '90 levels by 2000; recent law on CO2 emissions obliges 10% reduction of '90 levels by 2010. Working on voluntary agreements. If measures not enough, will have tax on emissions starting in 2004.

Germany: has reduced emissions 13% thus far, domestic goal 25%; still have increase of emissions in transport and household sectors; to reach 2nd half of target, need more action on: renewables (hope to double from 5-10% of electricity with subsidies)--windmill industry created 15-20,000 jobs last 10 yrs; photovoltaic program aims for 100,000 roofs by 2005. Agreed on step-by-step ecotax on gasoline. More than 500 local authorities in Germany engaged in climate change actions.

United States: (see U/S Loy's remarks)

C-9

Nepal: nothing of note to report.

Malaysia: has undertaken sustainable development policies over past 2 decades which have had beneficial impact on climate; noted that its electricity market was 15% hydro, 10% biomass, 60% natural gas; received \$7.3 million from GEF; urged that PAMs be looked at in holistic manner--i.e. countries need to say same things in all forums. Noted that Malaysia criticized in trade forum for high tax on luxury (high-polluting) cars.

Iran: shifting to natural gas, increasing energy efficiency, use of combined heat & power, renewables; nevertheless, expressed view that emissions reductions for Annex I only. Does believe mechanisms, esp. CDM, good framework for cooperation; supported inclusion of sources and sinks in CDM; believes AIJ should continue until includes developing countries; confidence-building will only occur with Annex I deeds.

New Zealand: appreciated Bolivia's points; emphasized that there are other gases in the Protocol besides CO2. NZ gets 70-80% of energy electricity from clean renewables (and no nuclear energy); its special challenge is agricultural emissions. Urged more attention be paid to other gases and on agriculture -- this would also help developing countries.

Czech Republic: in 1997, emissions were 20% below '90 levels; energy savings most significant area for emissions reductions, also looking at increasing renewables; in transport sector had 40% increase '90-'97 and expect 25% increase by 2010--looking at land planning to mitigate. JI most effective mech for Czech--said urgent need for clear, transparent, viable rules. AIJ--does not want retroactive crediting.

Philippines: need sincerity on both sides (Annex I and non-Annex I); developing countries have primary responsibility to undertake sustainable development at home and not be asked to do more than Protocol asks; developing countries don't need push to take steps.

Bhutan: thought Progress on Protocol slow thus far. Underlined special needs of LDCs with respect to capacity building.

Belgium: Said countries can learn from Belgium's negative experience/poor results--GHG emissions picture not rosy in Belgium. Although national program in 1994, has only been able to decrease rate of increase in emissions. Insufficient measures because: 1) overestimated possible impacts of measures; 2) follow up poor. Know have to improve, steps: build windmill park, more money in new budget on transport. Lessons learned for a small, open economy: 1) need common policies & measures; supports PAMs workshop; 2) fiscal measures potentially most cost-effective, hope for common EU policy. Called for COP to take into account AOSIS, African special needs.

Italy: goal of 100 million ton CO2 decrease by 2010; carbon tax--90% of revenues going to cut labor costs, 10% to support domestic actions and private sector in JI. Thinks companies can bring same changes occurring in developed to developing countries.

C-5

Uganda: has heavy reliance on biomass; looking at hydro, but will be years before see benefit; immediate emphasis on afforestation, reforestation, awaiting IPCC report; lack of technology keeping from diversifying to solar. Undertaking: inventory on sources & sinks, report on vulnerability, report adaptation, preparation of national communication. Also working on: enviro & forest action plans, modernization of agriculture.

[South Africa, Morocco - I missed interventions due to interruption; other notetaker had already left for a meeting. Sorry]

Tunisia: need funding for capacity building; will complete national communication in coming months.

Somoz (for AOSIS): need assistance on data collection, technical skills and human and financial resources. Lessons: more attention needed on capacity, adaptation; importance of renewables; need for PAMs, particularly on transport. Noted bad trend/environmental impact of trade of old, polluting cars from developed to developing countries.

Netherlands: Parliament has broadly endorsed Dutch national plan of action on domestic measures; actions in all sectors: transport, construction, agriculture, etc; voluntary agreements key but need sanctions if not fulfilled. For developing countries, wants high priority given to CDM, noted importance in next year of assisting vulnerable countries.

South Korea: national action plan completed December '98, beginning implementation with: voluntary agreements, co-generation engines in cars. Noted buses will shift to natural gas beginning 2000. Have 10-yr technology plan looking at renewables and retrieving and recycling of GHGs. Noted that Article 2 calls for exchange of info on PAMs.

(Note: 5 more countries wanted to speak, but session ran out of time. Co-Chair suggested they incorporate their remarks during the "Way Forward" debate occurring that afternoon. End Note)

D

November 3, 1999 8:30am

Compliance – Evan Bloom

Yesterday, we met in numerous informal sessions, within the Umbrella Group, twice between the UG and EU, with Chairman Ronnenberg, and with others. As a result, Ronnenberg was able to broker agreement on the text of conclusions and a draft COP decision, acceptable to all except OPEC states, once China agreed to language making it clear that we would begin negotiations at the next meeting of the subsidiary bodies. We have the final meeting of the Joint Working Group tonight, a one hour session, at which we will attempt to adopt the report of the group. We also worked with the secretariat on the means to ensure that observers would be able to attend the March compliance workshop.

Notes from SBSTA meeting, 3 Nov 99 @ 2240

1. Land Use Change and Forestry: decision taken without comment from the floor
 - After decision taken, Marshall Islands took the floor to make a statement, expressing concern about "interference from an International monetary institution" which is beyond the control of the COP, which has taken actions which could prejudice the actions of the COP -
2. Best Practices in Policies and Measures was agreed without discussion
3. Bunkers (Emissions From Fuel Used In International Transport): brought to floor with 3 options on one para inviting IMO and ICAO to continue their efforts - one option from the G-77 invited the bodies to take into account the common but differentiated principle of the FCCC, and one agreed between the EU and US with timelines for decisions by these bodies - no consensus had been available to the contact group, and no consensus was reached on the floor, as a result, both paras were dropped, and the decision agreed
 - Zhong from China compared that one trip for one passenger creates as much emissions from one family in Bangladesh for one year, thus the polluter should pay, who could afford to fly --
4. Cooperation with Scientific Organizations (specifically IPCC): Dr Watson had described the dire need for money for the IPCC for the coming year, due to great demands placed by the SBSTA, for Special reports and the upcoming TAR - some had desired support from the GEF for developing country participation in the IPCC process - in an unusual twist, the US, Brazil and Central African Rep. argued against Canada, China and others - ultimately, the language states that the issue will be taken up at the next session, with consideration of GEF funding for the IPCC work.

F

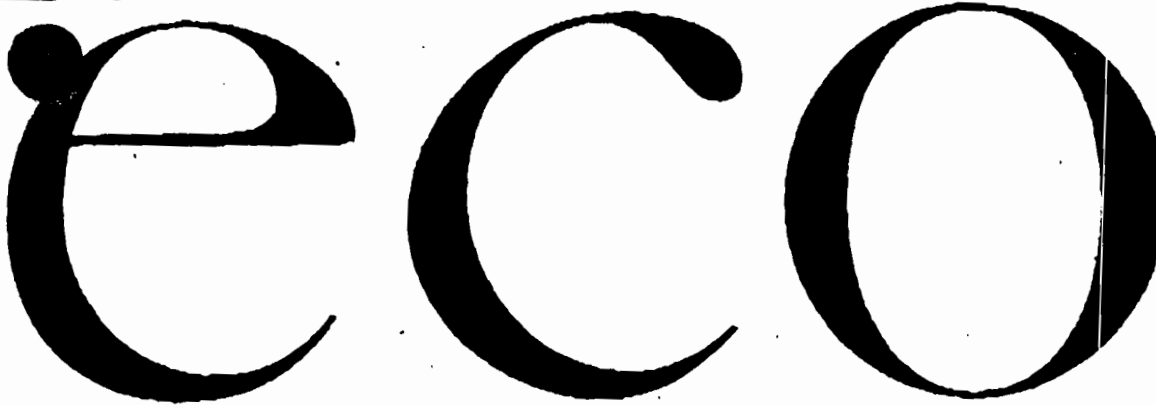
Notes for Ambassador Hambley on the Climate Technology Initiative (CTI)

During the course of COPS, the Climate Technology Initiative, chaired by Abraham Haspel on behalf of the US, has been quite active, including interventions, an information booth, and several side events.

On Wednesday, 27 October, an intervention was made to the SBSTA by one of the CTI Vice Chairs, Ms. Maria Dalla Costa of Italy. This intervention reported on the various activities of the CTI during the past year which has included a series of technology training courses, technology diffusion seminars, and the preliminary work on a technology needs assessment for the 14 countries of the Southern African Development Community, known as SADC.

On Saturday, 30 October, the CTI conducted a side event at which some of the projects being pursued under its Working Group on Research and Development were presented. Another side event was held mid-day on Monday, 1 November. This extremely well attended event (nearly 200) was structured as an interactive roundtable where representatives of developing and transition countries, along with key members of the business, financial, and NGO communities provided candid opinions on what the CTI might do to better fulfill its mission to promote the more-rapid diffusion of climate-friendly technologies and practices. Also, on Monday, the CTI held a ceremony in the evening at which the 1999 World Climate Leadership Awards were presented. The five awards winners included individuals and organizations from four countries, two from India, and one each from the Netherlands, Sweden, and the United States.

CLIMATE NEGOTIATIONS BONN OCTOBER-NOVEMBER '99 NGO NEWSLETTER



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 COP5 in Bonn, October-November 1999.

Ministers Weigh in

Executive Secretary Michael Zammit Cutajar set a high standard for the ministers at COP5 when he said "Your arrival lifts this conference from tactics to vision." A number of ministers met that standard, stating clear positions on the key issues facing negotiators, and injecting a renewed sense of urgency into the process.

Many rallied to Chancellor Schroeder's call last week for actions to ensure the Kyoto Protocol's entry into force no later than 2002. The EU said it is "ready and willing" to meet that deadline as did Japan. Canada and the US called for entry into force "at the earliest possible date," as did Australia, but did not explicitly endorse the 2002 goal. The US, still stinging from its Senate's rejection of the Comprehensive Test Ban Treaty, is clearly reluctant to set a firm timeline

for the Kyoto Protocol ratification battle.

The EU, Australia, Canada, Japan, and many others called for holding firm on COP6 as the deadline for decisions on the Buenos Aires Plan of Action. The US expressed hopes for a "successful outcome at COP6," but warned this would require a "stepped-up, more intense, more focused process." The G-77 and China was silent on the subject, no doubt paralysed by the positions of what Ambassador Slade, representing AOSIS, bluntly referred to as "an obstructionist and intransigent few."

Many countries, including Austria, Denmark, Germany, Greece, Indonesia, Ireland, Italy, Nauru, Singapore, Sweden, and Tuvalu, rejected nuclear power as an eligible technology for credit under the project-based mechanisms. France didn't express outright opposition, but in a heavily nuanced statement, referred to "lobbies [that] are active to convince us of one or another energy source," and said "clean development is not only development without CO2."

AOSIS expressed profound disappointment with the "environmentally irresponsible" failure of many Annex 1 countries to reduce emissions. They called the lack of debate on adequacy of commitments the result of "a conspiracy between those forces who might be embarrassed by this inaction, and those who wish to block all action."

Argentina unveiled its voluntary commitment to limit its GHG emissions, on a basis tied to its gross national product, and called for a process to assess, and eventually accept, its proposed commitment. It also called for a "bridge to the convention that would allow Argentina and other non-Annex 1 countries to participate in all the Kyoto mechanisms." Korea expressed interest in proposals to relate emission targets to economic growth, and said if a broad consensus on such

-continued back page, col 1

A Barrel of Crude

Obstruction. This has characterised nearly all the negotiating fora at COP5. Might it be obstruction? A small group of oil-exporting nations, representing no-one but themselves and co-ordinated by Washington lawyers representing US fossil fuel interests, has engaged in a deliberate strategy to prevent any progress in the negotiations. Saudi Arabia, helped mainly by Kuwait and Nigeria, have used various tactics to delay decision-making on almost all matters of any substance.

Take, for instance, the compliance process. After making considerable progress, a draft negotiating text was being prepared. A few days into the proceedings, however, the Saudis suddenly objected to the fact that the documents were in English – an astonishing claim to those who have experienced their many lengthy interventions in that language. Then, on Monday night, when they were unable to delay actual discussion of the text any further, they objected to each and every paragraph, and every word, dragging the process out until the co-chair threw the text over his shoulder in exasperation. The *piece de resistance* came when they objected to allowing the word "negotiation" into the text – as if the delegates were here for any other reason.

Meanwhile, in the bunker fuels debate, the Saudis have been conspicuous in their absence from the contact groups, even though they are supposed to be representing the G-77 on this issue. They claim that their delegation is too small, which is odd, considering they (and their army of lobbyists) have enough numbers to pop up in every other forum. When they finally turned up in the plenary discussions, they objected to the draft text on the grounds that they hadn't been able to discuss it. We understand

-continued back page, col 3



US demonstrates "meaningful participation"

CLIMATE NEGOTIATIONS BONN OCTOBER NOVEMBER '99 NGO NEWSLETTER

More Geology

the Day awards have continued daily since the last time we reported on the subject. On Saturday Bolivia received a nomination for proposing the inclusion of sinks in the CDM, as well as the Netherlands, for trying to introduce CDM funding into existing ODA projects. Japan, however, received the three briquettes for attempting to do the same, but attempting to eliminate financial additionality at the same time.

On Monday a nomination went to surprise entrant Saudi Arabia for its "In the bunker" attitude to the bunker fuels negotiation. The joint winners, receiving three briquettes each for input over and above the usual standard were the

-Ministers, from front page
proposals could be reached, it could participate in "international efforts to limit greenhouse gases." AOSIS welcomed the interest of Argentina and other non-Annex 1 countries in taking on commitments, but warned that "we will not hesitate to use what strength we have in numbers to ensure that access to the Protocol's mechanisms will be granted only...on an environmentally and legally sound basis." The US made an intriguing, if not fully formed, proposal for a new, high-level dialogue with developing countries about ways "to use the Kyoto process to more effectively pursue sustainable development opportunities."

Denmark reminded us of the many actions being taken by developing countries to reduce their emissions, singling out China's reduction of annual coal use from 1.4 to 1.1 billion tons as a particularly encouraging example. In a remarkably blunt swipe at the US Congress and the fossil polluters' lobby, Minister Auken said that "Too long have negative politicians and industrialists been using a false picture of China and other big developing economies to justify their own lack of political will and decisiveness."

Not surprisingly, the European Union called for industrialized countries to meet their Kyoto commitments "mainly by domestic action," as did Uganda on behalf of the Africa group. AOSIS cautioned Annex 1 ministers that "only the clearest evidence of your own domestic action will inspire others to follow." Denmark said that the mechanisms "should never be used as an alibi for inaction at home." India warned that "the mechanisms must not in any way compromise the modification of longer-term trends in emissions."

Canada stated its intention to "achieve the majority of our reductions at home." On the other hand, Australia maintained that "the mechanisms and sinks can contribute to a better outcome for the environment by lowering the cost of abatement action." The US echoed this argument and opposed "artificial limits" on use

of the mechanisms. The US responded to Chancellor Schroeder's call for countries to implement at home what they promise abroad with a clear warning: "Let us remember also that countries must negotiate abroad what they can ratify at home." Clearly, the debate over supplementarity will not be resolved at COP5.

Compliance received attention from many ministers. The G-77 and China said "establishment of a comprehensive, efficient and fair compliance system is imperative." AOSIS welcomed "the priority that all, but an obstructionist few, have given to the design of a strong compliance system." France called for "a comprehensive system of incentives and penalties," including buyer and seller liability for abuse of the trading system. Sweden called for substantive results on the compliance issue at COP5, as a way to "show our commitments and serious intentions."

Finally, there were numerous pleas for governments to rise above short-term economic and political concerns and to consider what kind of planet we are leaving to our children. The Micronesian minister was particularly eloquent. He called for our complex work to "go forward in a different spirit - a spirit of being part of the search for an urgent solution to one of the greatest threats ever confronted by Mankind." Otherwise, he warned, "future generations will ask, 'Why did you not act, while there was still time?'"

SpaceShip Marlton was adrift last night, a deserted hulk inhabited only by ministers declaiming one by one into the small hours, to a chamber empty of all but their entourages. This led Ludwig to deep philosophical musings, on life, the universe, and the "usefully insufficient" status of political prominence, to borrow

on the bunker fuels issue; and for their unspeakable behaviour objecting to every word in the compliance draft text.

This leaves the US and Saudi Arabia so far ahead of the rest of the pack that, short of another country winning every day from now on, one of them must be the eventual winner. Unfortunately, it will take more than these awards to spur anyone into action. At present the Saudi government has no concern at all for the views of civil society, and in the US, the rest of the world represents little more than thirty seconds in the nightly entertainment that passes for news.

-Barrel of Crude, from front page

that some of their developing country colleagues were, shall we say, distinctly less than delighted when they heard this.

On another front, Saudi Arabia is attempting to hold the mechanisms debate hostage, by refusing to allow any progress unless the questions of compensation and adaptation (Articles 4.8 and 4.9) are dealt with to their satisfaction. This is in direct contrast to their position on mechanisms within G-77 debates.

Many will remember that similar tactics to these were attempted in the negotiations leading up to the Kyoto Protocol. Had they succeeded, we might still be discussing the first paragraph in Article 1. Perhaps the chairs of the various groups and bodies might consult with former Chairman Raul Estrada, now that he is here in Bonn, to learn from his experience how a determined chair can deal with those who "negotiate" in such bad faith.

One final thought. Perhaps it is time for a "climate change" within the non-OPEC G-77 countries. Readers might recall that, in the past, the most progress has been made when developing countries have bypassed their OPEC colleagues. Rumour has it that some G-77 countries are seriously questioning the value of their alliance with OPEC. If this is true, we can only say: Go for it!

Ludwig

an unusual turn of phrase from the English translation of the French Minister's speech.

Also, apparently every time Eco mentions Mr Drong Perlmen, this enables him to raise his fees among his secretive fossil clients, as it apparently indicates he is being "effective". Laughable, obviously, but nonetheless it is well known that this is a business in which commissions and backhanders are obligatory: Ludwig would therefore like to claim his due percentage, and will be sending an invoice to the Climate Council.

Spaceship Marlton was adrift last night, a deserted hulk inhabited only by ministers declaiming one by one into the small hours, to a chamber empty of all but their entourages. This led Ludwig to deep philosophical musings, on life, the universe, and the "usefully insufficient" status of political prominence, to borrow

an unusual turn of phrase from the English translation of the French Minister's speech.

Also, apparently every time Eco mentions Mr Drong Perlmen, this enables him to raise his fees among his secretive fossil clients, as it apparently indicates he is being "effective". Laughable, obviously, but nonetheless it is well known that this is a business in which commissions and backhanders are obligatory: Ludwig would therefore like to claim his due percentage, and will be sending an invoice to the Climate Council.



United States Delegation
Conference of Parties (5th)
United Nations Framework Convention
on Climate Change (UNFCCC)

Bonn, Germany

FAX COVER SHEET

From: Mark G. Wambley

Phone: (49)(228) 377-1097

Fax: (49)(228) 377-1103

To: Ms. Conchita De Siano

Phone: 202 647-1885

Fax: 202 647-3970

Number of pages, including cover sheet:

Date: Fri - 5 NOV 1999

Subject: _____

Message

Subject: COP-5 Supplement to
Update No 12
for Thursday - Friday,
Nov 4-5, 1999

Please send to the files on
the attached list.

Thanks

Updated on
10/27/99

Recipients for Periodic Reports
from COP-5
Bonn, Germany
October 25 thru November 7, 1999

AGENCY	NAME	TELEPHONE	FAX
State	David Sandalow	(202) 647-1594	(202) 647-0217
State	Ken Brill	(202) 647-3004	(202) 647-0217
State	Tucker Scully	(202) 647-2396	(202) 647-0217
State	OES/ECC	(202) 647-4069	(202) 647-0191
State	Jonathan Margolis	(202) 647-1511	(202) 647-0773
State	Nigel Purvis	(202) 647-8743	(202) 647-0783
State	Sue Riniarz/Evan Bloom	(202) 647-1370	(202) 736-7115
WH	David Gardiner		(202) 395-2311
WH	Roger Hallentine	(202) 456-2702	(202) 456-6468
OESTP	Reina Bierbaum	(202) 456-6202	(202) 456-6028
OVP	Pete Jordan	(202) 456-9501	(202) 456-9500
NSC	Jim Steinberg	(202) 456-9491	(202) 456-9490
NBC	Gene Sperling	(202) 456-2807	(202) 456-2878
CEA	Robert Lawrence	(202) 395-5046	(202) 395-6958
USTE	Jennifer Mavorkamp	(202) 395-7320	(202) 395-4579
WHCCTF	John Gibson	(202) 395-2310	(202) 395-2311
DOE	Abe Haspel/ Linda Silverman	(202) 586-5316	(202) 586-3047
DOE	Mark Marur	(202) 886-0407	(202) 586-3047
Treasury	Adele Morris	(202) 622-1262	(202) 622-1294
USAID	David Hales	(202) 712-1750	(202) 216-3230
Justice	Scott Giff	(202) 514-3426	(202) 514-0557
EPA	Robert Perciasepe	(202) 564-7400	(202) 561-0394
EPA	William Nitze	(202) 564-6600	(202) 565-2407
EPA/OIA	Katherine Buckley	(202) 864-5426	(202) 565-2412
EPA/OP	Jackie Krieger	(202) 260-8013	(202) 260-6405
EPA/OP	Jane Leggat	(202) 260-8534	(202) 260-6405
EPA/OAP	Joe Kruger	(202) 564-9125	(202) 565-6673
EPA	Reid Harvey	(202) 564-9429	(202) 565-2077
Commerce	Nazir Bhagat	(202) 482-3855	(202) 482-5666
Commerce	Laurence Campbell	(202) 482-3028	(202) 482-0325
Commerce	Bracken Handricks	(202) 482-3604	(202) 501-8066
DOT	Don Trilling	(202) 365-4220	(202) 366-7618
DOD	Sherri Goodman	(703) 696-6639	(703) 693-7011
DOD	Bruce deGracia	(703) 604-1529	(703) 607-4237
USDA	Keith Collins	(202) 720-4164	(202) 690-4015
USDA	Linda del Gado	(202) 720-6158	(202) 720-8437
	Jim Rubin		(202) 395-2342

5 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley ~~125~~

Subject: Supplement to COP-5 Update No. 12 (Nov 4/5, 1999)

This message conveys summaries of various meetings and side-events prepared by USDEL participants at the the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25-to November 5, 1999. This message should be read in conjunction with our regular COP-5 Update No. 12 for Thurs/Fri, November 4-5, 1999.

The following reports are included:

- (a) Reports on the COP-5 morning session on Nov 4 prepared by USAID's Ko Barrett;
- (b) Notes on the SBI Final Meeting on Nov 4 prepared by EPA's Daniel Bilello;
- (c) Notes on the final meeting of the Joint SBI/SBSTA working group on compliance (Nov 3) prepared by EPA's Jennifer Macedonia;
- (d) Submissions by the new G-77 grouping styling themselves the "likeminded group" on mechanisms, sinks, and Articles 4.8/4.9;
- (e) Notes on the Nov 3 EU Press Briefing prepared by Embassy Berlin;
- (f) Notes on the Nov 4 EU Press Briefing prepared by Embassy Berlin;
- (g) Press release by WWF on COP-5;
- (h) Press release by the Union of Concerned Scientists on COP-5, and
- (i) Press release by the Global Climate Coalition on COP-5.

This is the final supplement in this series.

ACI

Notes: High-level segment 11/4/99 morning session
Ko Barnett

COP President (Poland): SUMMARY OF HIS IMPRESSIONS

Annex 1: are acting at home & cooperating with others

- ↳ Energy Efficiency, renewables & sinks highlighted
- ↳ important role of civil society and various actors
- ↳ committed to assisting others

Non-Annex 1: also taking action - Nat'l. Action Plans

- ↳ reducing their emissions
- ↳ impacts of C₂ already being felt - most vulnerable, gravest affected

Cap. Building / Tech Transfer: crucial to advancing discussions here

Process:

- ↳ new spirit among decision makers
- ↳ ministers want to be involved in intersectoral activities
- ↳ accelerated work plan between COP-5 & 6
- ↳ negotiation preparation important
- ↳ President to remain in charge
- ↳ KP enter into force as soon as possible - ^{some} support for 2002

Item 9(c) closed

Item 4 + Item 7:

Draft decision to engage in intensified efforts to prepare for COP-6

- ↳ paragraph 5 Exec Secretary - budget w/ expressed reference to funding needed for intensified negotiations

Saudi Arabia: cannot accept this decision to go above subsidiary bodies

- ↳ cannot accept facilitator, extra negotiations - undermines BA PDA

A-2

President: will take into account all opinions.

still consulting on item 5+6

Dan Bilello

Notes on Subsidiary Body for Implementation Meeting on 11/4/99

- Mauritania requested that SBI revisit agenda items 9b (non-annex I communications and 12(administrative/financial matters) to add slight revisions in the agreed text. These changes were accepted by the SBI without debate.
- On agenda item 12 (2000/2001) was accepted by the SBI. It was noted by the chair that the inclusion of a sliding scale in this budget decision will not be considered as a precedent for future budget considerations.
- A brief status report on the Report on the Session was provided. It was noted that this report primarily covers procedural issues. The SBI accepted this report and encouraged the drafters to complete this accepted report in a timely fashion.

C-1

**Procedures and Mechanisms Relating To Compliance under the Kyoto Protocol
11/3/99 Conclusions of Joint Working Group & Joint Subsidiary Bodies**

Prepared by: Jennifer Macedonia

An hour before the JWG was convened, the Saudis through the Secretariat indicated that they would put forward a series of amendments to (and thus block consensus on) the draft COP decision on compliance if other parties refused to agree to language in the text of the draft COP decision (see below). US del agreed with the rest of the Umbrella Group countries, the EU and the spokesman for AOSIS that we would hold firm in the meeting (at least for this evening's session) against the Saudi proposal.

Joint Working Group on Compliance (JWGC)

- Co-Chair Espen requested comments on the recommended revised report of JWGC.
- Saudi Arabia (supported by Kuwait and United Arab Emirates) pushed for replacement of: "so as to enable the Conference of the Parties to adopt a decision on" with the OPEC proposal: "with a view to adopting a COP6 decision" in the following sentence of the Decision (CP.5): "2. Requests the Joint Working Group on Compliance to continue to make substantial progress for the purpose of completing its work and fulfilling its mandate and to provide a report on its findings to the Conference of the Parties at its sixth session, through the subsidiary bodies, with a view to adopting a COP6 decision."
- The following countries spoke up in support of the Chair's unamended draft: Chile, UK (on behalf of the EU), Micronesia, Cook Islands, Switzerland, US, Tuvalu, Samoa (speaking on behalf of AOSIS), Finland, Canada, Japan, Austria, Kiribati, Argentina, Gambia, France, New Zealand, Brazil, S. Africa, Germany, Portugal, Australia, Slovenia, Denmark, Norway, Poland, and Belgium.
- In an attempt to counter the vast number of countries supporting the unamended text, Saudi emphasized that they were speaking on behalf of Iran, Kuwait, Qatar, Libya, Nigeria, Jordan, Sudan, Syria, Oman, and Venezuela.
- The Chair indicated that he would reflect the difference in ambitions of some Parties in the presentation to the Joint Subsidiary Bodies, but since the Chairman's proposal had support from "a preponderance" of Parties, he gaveled it through.
- Chair's conclusions:
 - considerable progress made during the session and common ground established, but much work remains to be done;
 - Co-Chairs intend to continue to consult widely intersessionally;
 - workshop scheduled for March 2000 will be open to observers under rules 6 and 7 of the draft rules of procedure;
 - delegates reminded to consider any compliance-related aspects of the Article 8 review process (SBSTA/99/L14).

C-2

Joint Subsidiary Bodies

- Espen reported on JWGC and noted some Parties' concerns.
- Iran concurred with text and requested that Saudi Arabia accept the compromise.
- Saudi Arabia indicated that its objection had been made because of a concern about the balance and speed of work on other issues. Since the co-chairs will keep their concerns in mind and since we adopted a decision on 4.8 and 4.9 and other important issues, they joined the consensus.

D-1

THE CLEAN DEVELOPMENT MECHANISM

Submission of:

Argentina
Bolivia
Costa Rica
Colombia
Chile
Dominican Republic
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
Paraguay
Uruguay

At the fourth session of the Conference of the Parties (COP4) adopted the Buenos Aires Plan of Action, which contains a concrete workplan of activities with a view to its adoption by the Sixth Conference of the Parties (COP6), which will occur in the year 2000.

The subscribing Parties, support the concept that the Kyoto Protocol should be ratified and implemented by the parties as soon as possible. These parties also agree on the use of UNFCCC/SB/1999/8 on articles 6, 12 and 17 of the KP as the initial basis for negotiating the implementation of the Buenos Aires Plan of Action. These Parties consider that negotiations should proceed without delay and propose the framework included in this document for implementing it with specific reference to decision 7/CP.4. In this manner the Parties should proceed to start the work leading to the implementation of the three flexibility mechanisms of the KP, giving priority to the Clean Development Mechanism (CDM) as stated in article 12 of the KP. Rules and regulations for the three flexibility mechanisms of the KP should be developed simultaneously and basic agreement on these matters should be reached in COP 6.

Article 12 of the KP is of great importance because it creates a CDM that will permit the achievement of the objectives of the Convention in a fast way, with economic efficiency, environmental effectiveness and equity. In this manner, the Convention process can contribute to the sustainable development of the non-Annex I Parties.

Article 12.10 of the KP establishes that Certified Emissions Reductions obtained during the period beginning from January first 2000 to the beginning of the first commitment period, can be used to assist in achieving compliance in the first commitment period. Public and private entities in non Annex I Parties have the possibility to formulate projects following the objectives of Article 12. Their aspirations in this area include:

- To protect the environment promoting early projects activities that reduce emissions and atmospheric greenhouse gas concentrations;
- To build capacity by learning by doing in the design, financing, implementation, and administration of projects;
- To establish adequate financial relations and structures;
- To create the necessary conditions of transparency, verifiability and legality needed to promote a climate of confidence so that interested sectors and Parties will begin to participate in the CDM.

Each Party interested in progressing in this area, should develop its own legal and institutional framework related to the implementation of Article 12 of the KP in order to promote, evaluate, approve, verify, register

D-2

ISSUES RELATED TO LAND USE, LAND USE CHANGE AND FORESTRY WITH RELATION TO THE CLEAN DEVELOPMENT MECHANISM

Submission of:

Argentina
Bolivia
Costa Rica
Colombia
Chile
Dominican Republic
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
Paraguay
Uruguay

At the 5th Session of the Conference of the Parties, a group of countries concerned with the prompt implementation of the Kyoto Protocol (KP) convened and agreed on some basic principles regarding Land Use, Land Use Change and Forestry activities in relation with the Clean Development Mechanism. Their considerations on these issues are on the basis of the Convention articles 3.3, 3.4 and 4.1.(d), and the Kyoto Protocol articles 2.1.(a).(ii), (iii), and 3.3, 3.4 and 3.7.

GHG emission mitigation and sequestration can be achieved through the implementation of projects related with land use, land use change and forestry in terms of effectively certified reduction or sequestration units, following the guidelines for additionality, transparency, verification, and compliance that should be decided at COP6 after the approval of the recommendation contained in the special report of IPCC.

These projects should assist Parties not included in Annex I in achieving sustainable development, and to assist Parties included in Annex I in achieving compliance with their quantified emissions reduction, in order to attain the ultimate objective of the Convention that is the stabilization of greenhouse gas concentrations in the atmosphere. Among other, the following activities could be eligible for CDM projects:

- Conservation of natural forests and regeneration, including Reduced Impact Logging (RIL), and non-timber products.
- Reforestation
- Afforestation
- Sustainable forest management
- Protection of endangered protected areas
- Utilization of biomass as an energy source

The conservation of natural forests, natural regeneration and reforestation projects aims mainly to avoid deforestation and other land use changes, that have resulted in big accumulated emissions into the atmosphere. Therefore, deforestation and other land use changes must be addressed as an important factor in climate change,

Afforestation projects aims to recover bare and degraded lands, that in most of the cases are under severe erosion processes, creating new sinks and contributing to alleviate poverty in the rural areas, provided that they have net positive environmental effects.

Sustainable forest management project aims to ensure stability and perduration of forests through best intervention practices. Certification of sustainable forest management is already an almost common activity in many countries.

Projects of protection of endangered protected areas aim to reduce deforestation, desertification, migration pressure on parks and protected areas, deterioration of supply of water resources and forest fires, because in many developing countries, due to diverse socioeconomic and environmental variables, management of national parks and other protected areas is endangered by many of these causes.

Utilization of biomass as an energy source projects replace the use of fossil fuel or the use of building or other products that are highly energy intensive demanding

All these types of projects should be included in the Clean Development Mechanism, provided the proper UNFCCC methodology for the determination of a *project-by-project* baseline is defined, based on the recommendation of the Special Report on Land Use, Land Use Change and Forestry and other relevant documents the UNFCCC may wish to consider.

There are a series of political, legal and economic grounds to support this position. Among the political grounds, we have the following:

Inclusion of projects of forest conservation and regeneration, as well as those of endangered protected areas, may meet the CDM objective of promoting sustainable development of the countries involved in such specific projects. In addition, they are consistent with UN Agreements and Conventions which favor the inclusion of forest conservation and regeneration activities within the CDM, taking into account the compatibility of objectives, mainly between Agenda 21, the UNFCCC, and the Conventions on Biodiversity, Desertification, and Wetlands (also known as Ramsar).

Forestry activities, such as afforestation, reforestation and sustainable forest management, are fundamental activities to recover bare degraded lands and improve life quality in rural lands, ensure the restoration of harvested or burned forests and, obtain the forest products that people needs on a sustainable basis. Such projects should collaborate to the protection of the atmosphere, along with reducing biodiversity depletion, desertification, droughts and providing freshwater.

IMPLEMENTATION OF THE ARTICLES 4.8 AND 4.9 OF THE CONVENTION

Submission of:

Argentina
Bolivia
Costa Rica
Chile
Dominican Republic
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
Paraguay
Uruguay

The United Nations Framework Convention on Climate Change (UNFCCC) has recognized that small island countries, countries with low-lying coastal areas, countries with arid and semi-arid areas, forested areas and areas liable to forest decay, countries with areas prone to natural disasters, countries with areas liable to drought, and desertification, countries with areas of high urban atmospheric pollution, countries with areas with fragile ecosystems, including mountainous ecosystems, and land-locked and transit countries are particularly vulnerable to adverse effects of climate change.

Article 4.4 of the Convention states that "the developed countries and other developed parties included in the Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects."

Lately, many developing countries have been hit more frequently by extreme climate change related events (Hurricanes, droughts, floods, etc.) therefore require immediate assistance to be able to respond with adequate measures for adaptation against negative impacts to those effects.

There is a direct relationship between poverty conditions of those country Parties, and their lack of financial and technical capacity to response to the adverse effects of climate change.

Articles 4.8 and 4.9 of the UNFCCC have identified a number of situations of particular vulnerability that affects developing countries with respect to the adverse effects of climate change and/ or the impact of the implementation of response measures.

Some of the subscribing Parties have been severely hit by extreme climate related events that have jeopardized their development process.

b-5

While recognizing that all aspects included in Articles 4.8 and 4.9 of the Convention are equally important, the subscribing Parties support the following views:

1/ Issues related to specific needs and concerns of developing countries arising from the adverse effects of climate change call for an analytical framework which is different from the one required to cope with issues related to the impact of the implementation of response measures.

2/ Climate related disasters that have taken a heavy toll in human lives confer a sense of urgency to the consideration of possible adverse effects of climate change, and timely action in this respect, including actions related to funding, insurance and the transfer of technology, should be given priority.

3/ Furthermore, and in order to help the full implementation of the Buenos Aires Program of Action, it is essential that during the next inter sessional period two workshops on this matter are held and that their results have a direct relation with the work of the Subsidiary Bodies. These events will help strengthening the process and the debate regarding this item of the agenda, which is of paramount importance for the above group of countries, and particularly for those that are most vulnerable to the effects of climate change.

November 3 EU Press Briefing

About 30 members of the press in attendance.

The EU rep in her statement spoke of the parallel processes at work, at the expert and ministerial levels. The experts are making progress on a draft decision on a work program for the Kyoto mechanisms. The ministers have two main issues to deal with: 1) they have to express the will and commitment to do what Kyoto promised and 2) they have to plan the road map between COP 5 and COP 6.

She said the ministerial meetings today were useful and practical.

She said the EU wants to give all the necessary support to the president of COP 5 so he can get the necessary results at COP 6. The EU is willing to financially help developing countries that, say, want money to send one of their experts to a workshop. The EC rep repeated these observations.

Q&A Portion

1. AFP asked about the negotiating position of Saudi Arabia and the other oil-exporting countries in the conference and whether they should be more active.

The EC rep replied humorously, "If they were more active, we run the risk of stopping the process." While the Saudis are trying to slow down the process, we mustn't let that stop us, she said.

The EU rep compared the oil-producing countries to oil companies that are now realizing they need to build the next phase of their businesses. She said the oil-producing countries should realize that even without climate change policies they can't live only from oil, an expendable resource. She predicted that in 30 or 40 years these countries will say that climate policy fortunately forced them to seek alternatives to oil.

2. The Australian newsletter reporter asked again about use of nuclear power as one of the mechanisms and got the same reply as yesterday - most likely not.

3. AP Germany asked, given Under Secretary Loy's statements regarding ratification of Kyoto, what was EU planning to do to seek other ratifiers.

The EU rep said the EU preferred ratifying with the US but that it was not a pre-requisite for Kyoto to come into force. The EU is convinced that Loy is doing his best to promote the ratification and has the full support of the President and Vice President. The EC rep added "We have to believe the US when it says it wants COP 6 to be a success."

4. A reporter from US-based International Wildlife magazine said NGOs and Greens are frustrated with the pace of the US in the process and maybe it's time for the EC to abandon the Kyoto Protocol and go on its own. He asked for comment.

The EU rep said she very well understands that frustration and would feel the same if she were not in a position to see all the work that is being done. She said the conference has crystallized for her how much the parties need each other, Industrial countries need to start domestic cuts, but such actions are limited if climate policy is not seen as credible. Soon countries will need a ratified Kyoto Protocol to increase domestic measures to reduce emissions, i.e., EU countries need flexible mechanisms and for that they need rules and a ratified protocol, she said.

The EC rep added that NGOs should put more pressure on politicians in the US to speed up the process there.

The next press briefing will be Thursday at 2 p.m. I will cover it.

Pat Guy

F-1

November 4 EU Press Briefing

About 40 members of the press in attendance

The EU rep in her statement said the result of the conference was positive on both sides – from the side of political commitment and the side of practical decisions. She said the President of COP5 spoke of a new spirit in the way the ministers spoke. She said there was unanimous agreement that the process needed to be speeded up. She said the awareness is growing in industrial and developing nations that climate change already is happening. On the practical side, she highlighted the mandate given to the COP President to take all necessary measures to prepare proposals for COP 6 so it can realistically succeed. From the EU point of view, "We are satisfied with the results," she said.

EC rep also spoke of the new political will on the part of all groups, including the G77 and said the politicians are now taking care of the process and will hopefully take us through to COP 6.

Q&A Portion

1. Deutsche Welle reporter asked why didn't the EU press ahead with ratification without the US. The EU rep repeated earlier statements that the EU wants the deadline for ratification of Rio plus 10 and that the US is not ready for that deadline. But in spite of that, she said, she is convinced from bilateral discussions that the political will of the USG is to proceed as rapidly as possible.
2. An AP reporter asked if the EU was afraid that if a Republican was elected president the whole process would be derailed in the US. The EY rep said that the information she has is that the US and the government, including Republicans, are committed. She wanted to emphasize the impact that businesses have on campaign financing in the US, noting that those big business contributors against climate policy have changed their position and see climate policy as a necessity. "That's on our side," she said. The EC rep said that "no matter which administration is in the White House, it will push for ratification" since that is in the US interest. He said the opinion of business is changing, and mentioned that two of the big three automakers had abandoned the Climate Change Coalition and now are in a race to build a clean, green car.
3. An AFP reporter said he was surprised the EU characterized the conference as a success when the friction between EU and US over trading mechanisms still exists and the oil producers are making things difficult. There's only 9 months until COP 6 and it isn't going to happen, the reporter said. The EU rep said she didn't say the conference was a "GREAT" success, but that most important was giving the president the mandate to take necessary measures. She said it's quite clear the industrialized nations don't see the benefit of slowing down the process or starting another process since a global process is needed. She also said she had not heard a single statement at the conference questioning the reality of climate change. The EC rep said members came with limited expectations and the conference was more than a success in putting together the needed building blocks for COP 6. He said 9 months will be enough, because no one wants to take responsibility for failure.
4. An unidentified British-sounding reporter stridently asked why the EU didn't stop putting a friendly gloss on things and start pointing fingers and naming names of those blocking the proceedings. The EC rep said there was no question of putting a friendly gloss on matters, that "confidence building is at the heart of this and we've done this. No one will say it's a disaster." He said the big issues are still to be addressed and they were intentionally not front-loaded in the process.
5. Reuters asked why John Prescott of Great Britain was unable to get a ministers declaration of political will if there was such great confidence. The EU rep said time was too short for that, that the President has the mandate he needs. She said Kyoto was the

blueprint, COPS was building the basement and getting the building materials and during the coming months the house would be put together.
"Political will was expressed in the declaration of the president. Maybe not Saudi Arabia but everyone else," she said.



PRESS RELEASE

**KYOTO PROCESS STILL ALIVE
BUT SUFFERING "POLITICAL SCHIZOPHRENIA"**

Bonn, 4 November 1999 - Negotiating tactics by government officials are undermining calls by a number of Environment Ministers for faster action to tackle global warming, said the conservation organisation WWF today as two weeks of UN climate negotiations entered their final phase.

Lars Georg Jensen, leader of the WWF delegation, said the Kyoto Protocol process was suffering from "political schizophrenia". The condition has been brought on by official government negotiators working to widen loopholes in the Kyoto Protocol while at the same time, in another wing of the conference building, Ministers have highlighted the merits of reducing global warming emissions.

Chancellor Schroeder re-energised international efforts against climate change in his opening call to the conference that the Kyoto Protocol should enter into force no later than 2002, ten years after the Rio Earth Summit on sustainable development. Ministers from more than 60 nations, including the EU, Japan, New Zealand and the 43 small island states of AOSIS were among those which came out in support.

Schroeder also applied pressure to boost flagging efforts to reduce domestic carbon dioxide (CO₂) emissions by reaffirming that Germany stands by its national commitment to reduce emissions by 25 per cent by 2005. This led John Prescott, Environment Minister and Deputy Prime Minister for the United Kingdom, to reiterate that the UK maintains its national goal of a 20 per cent cut in CO₂ by 2010. WWF views this as a welcome development as the UK government has recently been emphasising their weaker Kyoto target in place of their domestic goal.

Over the coming months, WWF will be pushing other Ministers to support the Schroeder/Prescott initiative by reassessing whether their countries are really doing all they can to reduce domestic carbon pollution. This is the only way to ensure that the Kyoto Protocol is the least rather than the most that industrialised nations do to combat global warming.

Instead of giving priority to reducing domestic pollution, officials from Australia, Canada, Japan and the United States led the way in trying to neuter the Kyoto Protocol. Their Ministers were among those highlighting the merits of reducing emissions. Elsewhere, their officials worked on widening a loophole in the Protocol to allow nations to claim more credit for carbon absorbed from the atmosphere by vegetation and soil. United States' negotiators also reintroduced the idea of "borrowing" emissions allocations from the future, akin to "pollute now and pay later". A similar proposal by the U.S. was ruled out when the Kyoto Protocol was agreed in 1997. Canada proposed support for building nuclear power stations in developing countries under the Protocol's "Clean Development Mechanism", though this was opposed by around 10 nations including most of the EU. On rules for complying with the terms of the Protocol, officials from Saudi Arabia used procedural manoeuvring to try and block any form of progress. Meanwhile the Environment Minister from Saudi Arabia's ally, Kuwait, said "protection of the environment is at the centre of our policies."

"Ministers need to cure the schizophrenia and give their officials considerably more guidance. Otherwise the Kyoto Protocol could become a licence for industrialised nations to increase not reduce their carbon dioxide emissions," said Jensen. "They must also ensure that non-sustainable energy technologies like nuclear power aren't foisted on developing countries under the guise of climate protection."

One year remains before Ministers are supposed to agree rules for operating the Kyoto Protocol at their sixth conference (COP6) to be held in The Hague, Netherlands. The Protocol would mean industrialised nations reducing emissions of global warming gases 5 per cent below 1990 levels by 2008-2012.

For more information, and for interviews with WWF's international delegation in Bonn:
Andrew Kerr, WWF, tel: +31 6 5161 9462 (mobile)
Lars Georg Jensen, WWF, tel: +45 21 45 76 69 (mobile)

**UNION OF
CONCERNED
SCIENTISTS****PRESS RELEASE**

FOR IMMEDIATE RELEASE
NOVEMBER 4, 1999

CONTACT: ALDEN MEYER
MOBILE: 0173-427-2837

BONN TALKS REINVIGORATE KYOTO NEGOTIATIONS

Bonn, Nov 4, 1999 – The Union of Concerned Scientists today welcomed the outcome of the latest round of negotiations on global warming as a step forward towards realizing the promise of Kyoto.

Two significant developments marked the two-week climate summit in Bonn. First, ministers agreed that negotiations on the unresolved issues around the Kyoto Protocol must be intensified if a successful conclusion is to be reached by the next summit meeting in November, 2000. Even more important was the emergence of a leadership group of countries that have committed to ratify the Kyoto Protocol before the 10th anniversary of the 1992 Rio Earth Summit.

"This meeting has breathed new life into the Kyoto process," said Alden Meyer, Director of Government Relations for the Union of Concerned Scientists. "The decision by the European Union, Japan, and New Zealand to set a 2002 deadline for ratification and entry into force of the Kyoto Protocol is a vital new element in the debate. It holds out the prospect of breaking the stranglehold of the fossil fuel polluters and their allies in the US Senate over the international effort to address the severe threat of global warming."

It takes ratification by industrialized countries representing 55% of the developed world's 1990 carbon dioxide emissions for the Kyoto Protocol to enter into force, or become legal. The countries who have already committed to the 2002 deadline represent 41% of these emissions. The US represents 36%. The Russian Federation represents 17.4%, and whether the EU and Japan can persuade Russia to join them in ratification by 2002 now becomes a key political consideration. If they can, Kyoto could take effect even without US Senate ratification.

Major issues remain to be negotiated over the next year, including rules for emissions trading and the other so-called "flexibility mechanisms" in the Kyoto Protocol, procedures to ensure compliance with countries' emissions reduction commitments, the role of land use change and forestry measures in meeting these commitments, and ways to speed the transfer of clean renewable energy and efficiency technologies to developing countries. "Those issues are not easy ones, but the political commitment made in Bonn to complete the negotiations by next November will spur substantive negotiations, rather than the procedural game-playing that has often characterized this process," Meyer said.

Meyer called on the US to respond to the new dynamic created by the Bonn talks. "The United States can not afford to be left behind as Europe, Japan, and other industrialized countries move forward to address global warming," Meyer said. "Global warming is not only the greatest environmental threat of the 21st Century, it is a tremendous economic opportunity for those countries and companies that take the lead in developing and marketing clean energy and transportation technologies. The US will be missing the boat if it lets the fossil fuel dinosaurs of the past block its participation in the clean energy markets of the future."

www.ucsusa.org

Washington Office: 1616 P Street, NW Suite 310 Washington, DC 20036 202-332-0900 FAX: 202-332-0905
Cambridge Office: 26 Church Street Cambridge, MA 02238 617-547-6552 FAX: 617-884-9405

PRINTED ON RECYCLED PAPER



PRESS OFFICE: (202) 628-3622

NEWS RELEASE

1275 K ST. NW • SUITE 890 • WASHINGTON, DC 20005

For Immediate Release
November 4, 1999

For Additional Information Contact
Bonn: Mike Shanahan 0228-37 71 139
John Grassser 0173-45 14 248
Washington: Frank Maisano 202-628-3622

UN Meetings Produce New Emphasis on Business Role in Climate Change

Bonn – United Nations meetings on global warming are ending here amid a new recognition that there can be little progress on reducing greenhouse emissions without participation by industry, the Global Climate Coalition said today.

Glenn Kelly, the executive director of the GCC, praised the Clinton Administration for acknowledging that U.S. businesses are already investing billions of dollars in the development of new technologies and taking other steps that have significantly reduced emissions.

During two weeks of meetings, UN delegates made little headway in establishing ground rules that would be needed to implement the Kyoto Protocol on global warming.

"The failure of the delegates to agree on substantive issues in Bonn makes it even more important for governments to rely on industries that are developing new technologies to ease the potential threat of climate change," Kelly said.

Delegates to the Bonn meetings attempted to reach agreement on methods for trading greenhouse emissions credits, ways to make it easier to export technologies to developing countries and enforcement rules for the Kyoto Protocol, which has not yet been ratified by the U.S. Senate.

Another critical round of meetings is scheduled for next November in The Hague, Netherlands, and there is growing fear that self-imposed deadlines for implementing the Kyoto treaty may produce rules making it impossible for U.S. businesses to take part in any program for encouraging developing countries like China and India to help reduce greenhouse emissions.

"If the nations of the world wait until the midnight hour to throw together an unworkable set of rules for implementing the Kyoto Protocol, we could destroy any hopes for addressing the long term complexities of climate change," Kelly said.

####

FINAL

5 November 1999

To: Please See Attached List of Addressees

From: USDEL-COP-5/Bonn: Mark G. Hambley 

Subject: COP-5 Update No. 12 (Thurs/Friday, Nov 4-5, 1999)

The following transmits one of a series of informal and unofficial periodic reports on developments at the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25-to November 5, 1999. This report covers activities and discussions from the evening of Nov 4 through the end of the conference at mid-day on November 5, 1999.

Also included with this report is the latest available copy of the NGO published **Earth Negotiations Bulletin** and the last edition of the NGO rag, **ECO**, published at this meeting. The latter provides a useful accounting of some of the events.

This report also includes an EU statement on Article 4.2 (a) and (b) drawn from the decision on the second review of adequacy of commitments, as well as a copy of the decision (somewhat marked up by Mr. Miotke) of the decision concerning Kazakhstan's application to join Annex I.

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

5 November 1999

COP-5 Update No. 12 (Nov 4/5, 1999): The Fifth Conference Ends on a Roll with Over 23 Forward-Looking Decisions

HIGHLIGHTS

- Conferees Adopt Decisions on Key Issues
- Both Turkey and Kazakhstan Issues Postponed to COP-6
- Successful Conference but Many Minefields Ahead

DETAILS

Conferees Adopt Decisions on Key Issues

The Fifth Conference of the Parties to the UN Framework Convention on Climate Change concluded its work on November 5 with the conclusion of over 23 decisions outlining programs of work in key areas. These include follow-on processes for the Kyoto Mechanisms, sinks, compliance, technology transfer, capacity building, as well as the controversial issues related to adverse impacts (Articles 4.8/4.9).

For only the second time, a conference of the parties ended ahead of schedule, with this conference ending at 12:37 PM on November 5 (DOD's Holly Kaufman won the USDEL pool regarding the time of the conference's end). This compares favorably to the 4 PM ending on the last day for COP-2 in 1996 and stands in sharp contrast to the next day marathons of COP-1 (Berlin), COP-3 (Kyoto), and COP-4 (Buenos Aires).

In their closing remarks, several countries noted their pleasure at the positive atmosphere created at these talks (which does, indeed, stand in sharp contrast to that of earlier years). However, Saudi Arabia noted the importance of according "balanced treatment" to all issues, while China in an oblique reference to the U.S. position regarding the importance of greater participation by developing countries, warned against introducing "extraneous issues."

Second Review of Adequacy Remains as a Controversial Item

Considerable discussion at the November 5 plenary centered on the status of Item 5 of the agenda on Articles 4.2 (a) and (b) on the review of adequacy of commitments. The President of the COP (Jan Szyszko) of Poland ruled that in accordance with the rules of procedure an item that is not concluded at one COP must necessarily be transmitted to the next one.

The G-77 protested and called for reference to its proposed amendment regarding the need for a review of the "implementation" of commitments to be incorporated as a footnote to the decision. China (Prof. Zhong) pontificated in the same vein. The Marshall Islands, speaking on behalf of AOSIS, indicated the necessity of bringing about some kind of "genuine review," ignoring the fact that the absence of a review at this Conference was due to the extraneous insertion of "implementation" into this topic on October 25 which the 43 member states of AOSIS had supported.

The EU also intervened on this topic with a prepared statement which signals to us that the Union is once more trying to position itself between the U.S. and the G-77 on the question on the review of commitments (copy attached). Japan, speaking informally as a member of the umbrella group, merely indicated its hopes that a debate on this issue will be possible at COP-6 without the procedural difficulties that precluded a discussion at this meeting.

Both Turkey and Kazakhstan Issues Postponed to COP-6

Both the Turkish and Kazakhstan issues were also addressed during the final morning plenary, and both were forwarded to COP-6 for further consideration. Turkey wants to be get out of Annex I and II, while Kazakhstan wants to join Annex I.

As of mid-day on Thursday (Nov 4), Kazakhstan appeared to be committed to pressing for a vote on its application. Few Annex I Parties wanted this to occur. On the one hand, most did not like the precedent. With 139 Parties credentialled and permitted to vote (but not the Kazakhs themselves), it was quite clear that Kazakhstan would not receive the three-quarters of votes of those present to win this election.

After much missionary work by the U.S. and Canada, the Kazakhs finally saw the writing on the wall and agreed to continue their application until COP-6, keeping open the option of taking on Annex I obligations under Article 4.2 (g) of the Convention. Saudi Arabia again tried to be the spoiler of this decision. The Saudi representative suggested that the issue be discussed at the June session of the Subsidiary Body on Implementation "...because of its importance." The net impact of this would have been to have buried the Kazakh request in committee. Only COPs can take decisions when Article 15's amendment provisions are invoked, so this option has now been preserved for the Kazakhs.

Final Comment: Successful Conference but Many Minefields Ahead

This meeting was quite successful in meeting our goals. While we do not have actual negotiating text, we have processes established for developing these in a timely fashion before the COP-6 crunch time. Equally important, we have the prospect for an intersessional process which promises to be – if anything – overwhelming in terms of the time which must be expended to both inform Parties and to prepare for hopefully positive results at COP-6.

Nonetheless, there are a number of minefields with which we will have to contend. China, India, and Saudi Arabia all indicated, in varying degrees of harshness, their antagonism for intersessional negotiations, for the establishment of a committee of the whole to advance delicate matters, and for the appointment of a senior-level “facilitator.” In addition, at the morning Plenary on November 5, the Saudis once more raised their mantra about the need to treat all issues (read: Articles 4.8/4.9) in an equal fashion. If they are not satisfied that this has been done by COP-6 (and this means an unlikely Annex I acquiescence to some form of negotiating framework on compensation), then it is probable that Saudi Arabia will again attempt to frustrate outcomes on the issues which are at the key to a successful outcome at this meeting.

In addition to problems from the G-77/China, we also face renewed difficulties from the EU. It is quite true, as most delegates have acknowledged that the atmospheres during this session were the best in recent memory. In part, this was due to a successful, concerted effort by the U.S. and the EU to avoid public mudslinging on issues that divide them, including those associated with the cap. This said, although we identified areas of convergence with the the EU in several areas, we noted a reluctance on their part to engage with the umbrella group on substance on most occasions, except in a rather cursory manner on several issues associated with the mechanisms.

Unfortunately, some EU members are antagonistic towards the U.S. for reasons unrelated directly to climate change (we would put Denmark and France in this category). With the likes of Sven Auken spreading his malicious anti-U.S. venom wherever he can, and in the absence of a forthright resolution of the supplementarity question, it appears quite likely that the overall EU-U.S. atmosphere will sour once more in the months before November 13, 2000 when we gather at The Hague for the final countdown on the Kyoto Protocol. End Comment.

This is the final report in this series.

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



Bonn, 25 October-5 November 1999

COP-5 - Agenda item 5

**SECOND REVIEW OF THE ADEQUACY OF ARTICLE 4, PARAGRAPHS 2(a)
AND (b), OF THE CONVENTION**

Finland, on behalf of the European Community and its Member States, believes that it is of great importance to address the issue of adequacy of commitments in an effective way during CoP-5.

The EU recognises however that, unfortunately, due to time constraints, it seems likely that it will not be possible to complete consideration of this Agenda item at the present session of the CoP. We would like however, to make a short statement on this important matter.

Although the EU will achieve the objective of stabilisation under the Convention, we acknowledge that the aim of returning the anthropogenic GHG emissions to 1990 levels will not be met by many Annex I Parties. Moreover, the commitments contained in Article 4.2 (a) and (b) are not enough to meet the ultimate objective of the Convention. Article 4.2.d) provides us with a mechanism -regular review- by which the distance between commitments and the ultimate objective of the Convention is measured and appropriate action can be taken by the CoP. In our view it is important that CoP-5 discuss the review process on a consistent basis in order to ensure that appropriate action can be taken by the Parties.

The EU would like to point out that the question of actual implementation falls under the review covered by Article 7.2, and not under the review of Article 4.2 (d). It is our view therefore, that the question whether Parties are meeting - or will meet - present commitments need to be kept separate from whether the commitments themselves are adequate.

Furthermore, we believe that the IPCC Third Assessment Report (TAR) has an important guiding role in assessing what is needed in a longer term and therefore is a basis for the Third Review of adequacy at CoP-7.

Especially the Synthesis report of the TAR will answer the policy relevant questions which we ourselves have formulated. The assessment should focus on the concentration levels at which greenhouse gases need ultimately to be stabilized in the atmosphere and the time frame over which this should be achieved to prevent dangerous anthropogenic interference with the climate change; and the implications for global emissions. The CoP should consider additional steps that may be necessary towards fulfilment of the objective of the Convention and the timeframe in which they should be taken up taking into account the common but differentiated responsibility of Parties involved.

5 November 1999

To: Please See Attached List of Addressees
From: USDEL-COP-5/Bonn: Mark G. Hambley
Subject: COP-5 Update No. 12 (Thurs/Friday, Nov 4-5, 1999)

The following transmits one of a series of informal and unofficial periodic reports on developments at the Fifth Conference of the Parties (COP-5) to the UN Framework Convention on Climate Change (UNFCCC) which is being held in Bonn, Germany, from October 25-to November 5, 1999. This report covers activities and discussions from the evening of Nov 4 through the end of the conference at mid-day on November 5, 1999.

Also included with this report is the latest available copy of the NGO published **Earth Negotiations Bulletin** and the last edition of the NGO rag, **ECO**, published at this meeting. The latter provides a useful accounting of some of the events.

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

5 November 1999

COP-5 Update No. 12 (Nov 4/5, 1999): The Fifth Conference Ends on a Roll with Over 23 Forward-Looking Decisions

HIGHLIGHTS

- Conferees Adopt Decisions on Key Issues
- Both Turkey and Kazakhstan Issues Postponed to COP-6
- Successful Conference but Many Minefields Ahead

DETAILS

Conferees Adopt Decisions on Key Issues

The Fifth Conference of the Parties to the UN Framework Convention on Climate Change concluded its work on November 5 with the conclusion of over 23 decisions outlining programs of work in key areas. These include follow-on processes for the Kyoto Mechanisms, sinks, compliance, technology transfer, capacity building, as well as the controversial issues related to adverse impacts (Articles 4.8/4.9).

For only the second time, a conference of the parties ended ahead of schedule, with this conference ending at 12:37 PM on November 5 (DOD's Holly Kaufman won the USDEL pool regarding the time of the conference's end). This compares favorably to the 4 PM ending on the last day for COP-2 in 1996 and stands in sharp contrast to the next day marathons of COP-1 (Berlin), COP-3 (Kyoto), and COP-4 (Buenos Aires).

In their closing remarks, several countries noted their pleasure at the positive atmosphere created at these talks (which does, indeed, stand in sharp contrast to that of earlier years). However, Saudi Arabia noted the importance of according "balanced treatment" to all issues, while China in an oblique reference to the U.S. position regarding the importance of greater participation by developing countries, warned against introducing "extraneous issues."

Second Review of Adequacy Remains as a Controversial Item

Considerable discussion at the November 5 plenary centered on the status of Item 5 of the agenda on Articles 4.2 (a) and (b) on the review of adequacy of commitments. The President of the COP (Jan Szyszko) of Poland ruled that in accordance with the rules of procedure an item that is not concluded at one COP must necessarily be transmitted to the next one.

The G-77 protested and called for reference to its proposed amendment regarding the need for a review of the "implementation" of commitments to be incorporated as a footnote to the decision. China (Prof. Zhong) pontificated in the same vein. The Marshall Islands, speaking on behalf of AOSIS, indicated the necessity of bringing about some kind of "genuine review," ignoring the fact that the absence of a review at this Conference was due to the extraneous insertion of "implementation" into this topic on October 25 which the 43 member states of AOSIS had supported.

The EU also intervened on this topic with a prepared statement which signals to us that the Union is once more trying to position itself between the U.S. and the G-77 on the question on the review of commitments (copy attached). Japan, speaking informally as a member of the umbrella group, merely indicated its hopes that a debate on this issue will be possible at COP-6 without the procedural difficulties that precluded a discussion at this meeting.

Both Turkey and Kazakhstan Issues Postponed to COP-6

Both the Turkish and Kazakhstan issues were also addressed during the final morning plenary, and both were forwarded to COP-6 for further consideration. Turkey wants to be get out of Annex I and II, while Kazakhstan wants to join Annex I.

As of mid-day on Thursday (Nov 4), Kazakhstan appeared to be committed to pressing for a vote on its application. Few Annex I Parties wanted this to occur. On the one hand, most did not like the precedent. With 139 Parties credentialled and permitted to vote (but not the Kazakhs themselves), it was quite clear that Kazakhstan would not receive the three-quarters of votes of those present to win this election.

After much missionary work by the U.S. and Canada, the Kazakhs finally saw the writing on the wall and agreed to continue their application until COP-6, keeping open the option of taking on Annex I obligations under Article 4.2 (g) of the Convention. Saudi Arabia again tried to be the spoiler of this decision. The Saudi representative suggested that the issue be discussed at the June session of the Subsidiary Body on Implementation "...because of its importance." The net impact of this would have been to have buried the Kazakh request in committee. Only COPs can take decisions when

Article 15's amendment provisions are invoked, so this option has now been preserved for the Kazakhs.

Final Comment: Successful Conference but Many Minefields Ahead

This meeting was quite successful in meeting our goals. While we do not have actual negotiating text, we have processes established for developing these in a timely fashion before the COP-6 crunch time. Equally important, we have the prospect for an intersessional process which promises to be – if anything – overwhelming in terms of the time which must be expended to both inform Parties and to prepare for hopefully positive results at COP-6.

Nonetheless, there are a number of minefields with which we will have to contend. China, India, and Saudi Arabia all indicated, in varying degrees of harshness, their antagonism for intersessional negotiations, for the establishment of a committee of the whole to advance delicate matters, and for the appointment of a senior-level "facilitator." In addition, at the morning Plenary on November 5, the Saudis once more raised their mantra about the need to treat all issues (read: Articles 4.8/4.9) in an equal fashion. If they are not satisfied that this has been done by COP-6 (and this means an unlikely Annex I acquiescence to some form of negotiating framework on compensation), then it is probable that Saudi Arabia will again attempt to frustrate outcomes on the issues which are at the key to a successful outcome at this meeting.

In addition to problems from the G-77/China, we also face renewed difficulties from the EU. It is quite true, as most delegates have acknowledged that the atmospherics during this session were the best in recent memory. In part, this was due to a successful, concerted effort by the U.S. and the EU to avoid public mudslinging on issues that divide them, including those associated with the gap. This said, although we identified areas of convergence with the the EU in several areas, we noted a reluctance on their part to engage with the umbrella group on substance on most occasions, except in a rather cursory manner on several issues associated with the mechanisms.

Unfortunately, some EU members are antagonistic towards the U.S. for reasons unrelated directly to climate change (we would put Denmark and France in this category). With the likes of Sven Auken spreading his malicious anti-U.S. venom wherever he can, and in the absence of a forthright resolution of the supplementarity question, it appears quite likely that the overall EU-U.S. atmosphere will sour once more in the months before November 13, 2000 when we gather at The Hague for the final countdown on the Kyoto Protocol. **End Comment.**

This is the final report in this series.