



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 39 Published by the International Institute for Sustainable Development (IISD) Monday, 23 December 1996

REPORT OF THE MEETINGS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 9-18 DECEMBER 1996

The subsidiary bodies of the UN Framework Convention on Climate Change met in Geneva from 9-18 December 1996. The fifth session of the *Ad Hoc* Group on the Berlin Mandate (AGBM-5) met from 9-13 December, the fourth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA-4) and the third session of the *Ad Hoc* Group on Article 13 (AG13-3) met from 16-18 December 1996. The fourth session of the Subsidiary Body for Implementation (SBI-4) met from 10-11 December 1996. Informal roundtables were convened on 9 December, to discuss proposals from Parties, and on 17 December, to discuss Activities Implemented Jointly (AIJ).

AGBM-5 considered proposals from 14 Parties or groups of Parties regarding the strengthening the commitments in Articles 4.2(a) and (b), advancing the implementation of Article 4.1 and possible elements of a protocol or other legal instrument. Delegates expressed a wide range of views on polices and measures (P&Ms) and quantified emission limitation and reduction objectives (QELROS) and on the form and scope of a possible protocol. AGBM-5 adopted conclusions requesting the Secretariat to produce a "framework compilation" of proposals for further consideration.

SBSTA-4 discussed a number of issues including: cooperation with the Intergovernmental Panel on Climate Change (IPCC); the longer-term programme of work; possible revisions to guidelines for non-Annex I countries' communications; national communications from Annex I Parties; activities implemented jointly (AIJ); and technology transfer. Discussions were complex and often difficult, but SBSTA-4 confirmed future cooperation with the IPCC, agreed to apply the revised IPCC 1996 guidelines for national greenhouse gas (GHG) inventories and agreed to further work on revisions to the Uniform Reporting Format and methodological issues pertaining to AIJ.

SBI-4 finalized agreement on the Annex to the Memorandum of Understanding (MOU) between the Conference of the Parties (COP) and the Council of the Global Environmental Facility

(GEF). AG13-3 considered responses to a questionnaire relating to a multilateral consultative process (MCP). While delegates did not agree to any conclusions, they further elaborated their positions on a possible MCP and agreed to continue consideration at their next meeting in February.

A BRIEF HISTORY OF THE FCCC AND ITS SUBSIDIARY BODIES

The United Nations Framework Convention on Climate Change was adopted on 9 May 1992, and was opened for signature at the UN Conference on Environment and Development in June 1992 in Rio de Janeiro, where it received 155 signatures. The Convention entered into force on 21 March 1994, 90 days after receipt of the 50th ratification. The Convention has now been ratified by almost 160 countries.

IN THIS ISSUE

A Brief History of the FCCC and its Subsidiary Bodies	1
5th Meeting of the Ad Hoc Group on the Berlin Mandate	3
4th Meeting of the Subsidiary Body for Scientific and Technological Advice	7
4th Meeting of the Subsidiary Body for Implementation.....	11
3rd Meeting of the Ad Hoc Group on Article 13	12
Things to Look For Before COP-3.....	14

This issue of the *Earth Negotiations Bulletin*© <enb@iisd.org> is written and edited by Chad Carpenter, LL.M. <chadc@iisd.org>, Pamela Chasek, Ph.D. (pam@dti.net), Deborah Davenport <ddavenp@unix.cc.emory.edu>, Anja Janz <anja@iisd.org>, and Silke Speier. The Managing Editor is Langston James "Kimo" Goree VI <kimo@iisd.org>. The sustaining donors of the *Bulletin* are the International Institute for Sustainable Development <iisd@web.apc.org>, the Dutch Ministry for Development Cooperation and the Pew Charitable Trusts. General support for the *Bulletin* for 1996 is provided by the Overseas Development Administration (ODA) of the United Kingdom, the Ministry of Foreign Affairs of Denmark, the Swedish Ministry of Environment, the Swiss Federal Office of the Environment, the Ministry of the Environment of Iceland, the Ministry of Environment of Norway, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Austrian Ministries of Foreign Affairs and Environment and the Ministry of Foreign Affairs of Japan. The authors can be contacted at their electronic mail addresses or at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in *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 other publications with appropriate citation. Electronic versions of the *Bulletin* are automatically sent to e-mail distribution lists (ASCII and PDF format) and can be found on the gopher at <gopher.igc.apc.org> and in hypertext through the *Linkages* WWW-server at <http://www.iisd.ca/linkages/> on the Internet.

COP-1

The first meeting of the Conference of the Parties to the UN Framework Convention on Climate Change (COP-1) took place in Berlin from 28 March - 7 April 1995. Delegates reached agreement on what many believed to be the central issue before COP-1 — adequacy of commitments. The result was a mandate to launch a process toward appropriate action for the period beyond the year 2000, including strengthening of the commitments of developed countries. Delegates also reached agreement on a number of other important issues, including the establishment of a pilot phase for implementation of joint projects, the location of the Permanent Secretariat in Bonn, Germany, the budget for the Secretariat, financial procedures and the establishment of the subsidiary bodies. Delegates, however, did not reach consensus on the rules of procedure. This critical issue, including a decision on the voting rules and the composition of the Bureau, was deferred until COP-2.

AD HOC GROUP ON THE BERLIN MANDATE (AGBM)

COP-1 established an open-ended *Ad Hoc* Group on the Berlin Mandate (AGBM) to begin a process to enable it to take appropriate action for the period beyond 2000, including the strengthening of the commitments of Annex I Parties through the adoption of a protocol or another legal instrument.

At AGBM-1, held in Geneva from 21-25 August 1995, delegates considered several issues, including an analysis and assessment to identify possible policies and measures for Annex I Parties and requests for inputs to subsequent sessions. They debated the nature, content and duration of the analysis and assessment and its relationship to other aspects of the process. Several developed and developing countries stressed that analysis and assessment should be conducted in parallel and not prior to the negotiations, but a few developing countries insisted that more time was needed, particularly to evaluate economic costs.

At AGBM-2, held in Geneva from 30 October - 3 November 1995, debate over the extent of analysis and assessment continued, but delegates also heard new ideas for the structure and form of a possible protocol. Delegates considered: strengthening of commitments in Article 4.2 (a) and (b) regarding policies and measures, as well as Quantified Emission Limitation and Reduction Objectives (QELROs) within specified time-frames; advancing the implementation of Article 4.1; and possible features of a protocol or another legal instrument.

At AGBM-3, held in Geneva from 5-8 March 1996, delegates heard a number of specific proposals on new commitments for Annex I Parties, including a two-phase CO₂ emissions reduction target proposed by Germany. They also discussed how Annex I countries might distribute or share new commitments, and whether those should take the form of an amendment or protocol. Delegates agreed to compile proposals for new commitments for consideration at AGBM-4, and to hold informal roundtable discussions on policies and measures as well as on QELROs.

AGBM-4, held from 8-19 July 1996 in Geneva, again considered strengthening the commitments in Article 4.2 (a) and (b); implementation of Article 4.1; the possible features of a protocol or other legal instrument; and the Berlin Mandate process. AGBM-4 completed its in-depth analyses of the likely elements of a protocol or other legal instrument, and appeared ready to move forward to the preparation of a negotiating text at its next session. Most of the discussions dealt with approaches to policies and measures, QELROs, and an assessment of the likely impact of new commitments for Annex I Parties on developing countries.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA)

The SBSTA was established by COP-1 to link scientific, technical and technological assessments, information provided by competent international bodies, and the policy-oriented needs of the COP.

SBSTA-1 was held in Geneva from 28-30 August 1995. Delegates confronted technically and politically complex issues, including: scientific assessments, national communications from Annex I Parties, methodologies, first communications from non-Annex I Parties, and AIJ under the pilot phase. The SBSTA was supposed to establish intergovernmental technical advisory panels on technologies (TAP-T) and methodologies (TAP-M), however, it did not have time to consider all of these issues. Among the more contentious issues were definition of SBSTA's relationship with the IPCC, the terms of reference and composition of the TAPs and the elaboration of guidelines for national communications from non-Annex I Parties. Delegates successfully identified areas for cooperation with the IPCC, agreed on a division of labor with the SBI on technology transfer issues, and requested the Secretariat to organize a workshop on non-governmental inputs. No progress was made on the formation of the TAPs and delegates had to resume this discussion at SBSTA-2.

SBSTA-2, held in Geneva from 27 February-4 March 1996, considered scientific assessment and cooperation, including the IPCC's Second Assessment Report (SAR), reporting by Annex I and non-Annex I Parties, AIJ and the Technical Advisory Panels (TAPs). The main result was that Parties documented that they could not yet agree on how to absorb or respond to scientific predictions of climate change. Although initial discussions gave the impression that SBSTA-2 would greet the IPCC's predictions with less resistance than in previous FCCC negotiations, oil producers and other developing countries ultimately blocked consensus on specific conclusions about the SAR. Weekend negotiations resulted in a fragile agreement on language defining the divergence of opinion. Three paragraphs in the SBSTA's report list points of contention, alternately highlighting the urgency and uncertainty in the IPCC report of a "discernible human influence" on climate change. One line of the SBSTA's conclusions tells the story of the TAPs: at this stage the SBSTA could not agree on modalities.

At SBSTA-3, held from 9-16 July 1996, delegates discussed the SAR and sent an unfinished draft decision with brackets (FCCC/CP/1996/L.11) to the COP for resolution. The draft decision provides advice on how the SAR can be used for implementation. Decisions were adopted in conjunction with the SBI on Communications from Annex I Parties (FCCC/CP/1996/L.13 and Add. 1) and on Communications from non-Annex I Parties (FCCC/CP/1996/L.12). The SBI and the SBSTA also agreed on a decision on AIJ (FCCC/CP/1996/L.7). Progress was made on a roster of experts and technical panels and the SBSTA also agreed to reconsider NGO consultation mechanisms and cooperation with the IPCC.

SUBSIDIARY BODY FOR IMPLEMENTATION (SBI)

The SBI was established by the COP to assist in the review and assessment of the implementation of the Convention and in the preparation and implementation of the COP's decisions. SBI-1 took place from 31 August - 1 September 1995 in Geneva. The SBI addressed: communications from Annex I Parties; a progress report on in-depth review; institutional and budgetary matters; matters relating to the financial mechanism; and the elaboration and scheduling of the programme of work for 1996-1997. Delegates recommended that the COP adopt the draft Memorandum of Understanding with the GEF as the financial mechanism, and proposed a draft decision on this item to be adopted by COP-2.

At SBI-2, held in Geneva from 27 February - 4 March 1996, delegates considered in-depth reviews of national communications, matters related to the financial mechanism, financial and technical cooperation, transfer of technology, arrangements for the relocation of the Secretariat to Bonn, and COP-2. While delegates welcomed the GEF Council's adoption of its operational strategy, many noted the need to expedite the process of providing "full agreed costs" for non-Annex I communications or risk serious delays. Developing countries frequently noted that providing funds to the GEF and providing funds to countries were not the same thing. SBI's review of in-depth reports revealed that many delegations found the national communications in need of comparability and consistency. The problem of membership distribution provoked several lengthy debates on the composition of the Bureau, a question pending since COP-1. Despite numerous consultations, the issue remained outstanding.

At SBI-3, held 9-16 July 1996 in Geneva, little discussion of difficult issues took place during open sessions. Delegates noted their objections to several draft decisions, which were referred immediately to contact groups by the Chair. Differences were resolved in closed sessions by Parties, and were considered for adoption by the open SBI session only after consensus had been reached. Contact group issues included: technology transfer; the operating budget of the Secretariat; legal issues concerning relocation of the Secretariat to Bonn and the possibility of setting up a liaison office with the Secretariat at UN Headquarters in New York; guidance to the GEF Council; the Annex to the Memorandum of Understanding (MOU) between the GEF Council and the COP; and national communications from non-Annex I Parties. The contact groups were able to resolve all outstanding issues with the exception of the Annex to the MOU. The SBI's decisions, as well as an explanation of the unresolved MOU issue, are contained in the report of SBI-3 (FCCC/SBI/1996/L.3).

AD HOC GROUP ON ARTICLE 13 (AG13)

AG13 was set up to consider the establishment of a multilateral consultative process available to Parties to resolve questions on implementation. AG13-1, held from 30-31 October 1995 in Geneva, decided to request Parties, non-Parties, and intergovernmental and non-governmental organizations to make written submissions in response to a questionnaire on a multilateral consultative process (FCCC/AG13/1995/2, para. 17). Nineteen Parties, one non-party and ten NGOs submitted responses, which are contained in FCCC/AG13/1996/MISC.1 and MISC.2. The documents provide a spectrum of views on the multilateral consultative process and identify common areas of understanding.

At AG13-2, held 10 July 1996 in Geneva, delegates discussed a multilateral consultative process (MCP) for the FCCC. Participants received a synthesis of responses to a questionnaire on establishing an MCP under Article 13 (FCCC/AG13/1996/1) to be considered at the Group's December session. The EU recommended a draft decision extending the AG13 mandate to COP-3 and a role in examining ways to apply an MCP to a protocol in cooperation with the AGBM. Delegates later adopted this draft decision. The meeting then adopted the Chair's draft text on linkages between AG-13 and AGBM, asking the COP to decide that the AGBM may seek such advice as may be deemed necessary from AG-13.

COP-2

The Second Conference of the Parties (COP-2) met in Geneva from 8-19 July 1996. More than 1500 participants from governments, intergovernmental organizations and NGOs participated. While many of the more contentious issues, such as treatment of the IPCC Second Assessment Report (SAR), were left unresolved, COP-2 did produce some important political

statements. The COP concluded by noting the "Geneva Declaration," which endorses the IPCC conclusions and calls for legally-binding objectives and significant reductions in greenhouse gas emissions.

The Conference also saw a significant shift in position by the US, which for the first time supported a legally-binding agreement to fulfill the Berlin Mandate. However, even as Parties prepared to strengthen commitments, COP-2 highlighted the sharpest differences yet between delegations. The strong declarations of support for the SAR were far from unanimous, suggesting the need for substantial work in future sessions of the COP's subsidiary bodies before December 1997 when COP-3 meets in Kyoto, Japan.

AD HOC GROUP ON THE BERLIN MANDATE

The fifth session of the *Ad Hoc* Group on the Berlin Mandate (AGBM) opened on Monday, 9 December 1996. Delegates had the following documents before them: the provisional agenda and annotations (FCCC/AGBM/1996/9); a synthesis of proposals by Parties on the strengthening of the commitments in Articles 4.2(a) and (b), advancing the implementation of Article 4.1 and possible elements of a protocol or another legal instrument (FCCC/AGBM/1996/10); proposals from Parties (FCCC/AGBM/1996/Misc.2); and four addenda containing additional proposals (FCCC/AGBM/1996/Misc.2/Add. 1, 2, 3 and 4). Fourteen Parties or groups of Parties submitted proposals.

AGBM Chair Raúl Estrada-Oyuela (Argentina) recalled that delegates have called for a reduction in the number of options available for policies and measures since AGBM-2 and said this session must focus on that goal as well as on reducing the number of options for QELROS. He said that maintaining a "patchwork of possibilities" will hinder the adoption of definitive positions and make implementation more difficult. He expressed hope that the synthesis document would guide delegates' work.

FCCC Executive Secretary Michael Zammit-Cutayar noted that Parties are giving careful thought to the proposals' content. He said the synthesis document shows how much is on the table and indicates the direction of future work. Delegates will have to decide which options to set aside, which ones are mutually exclusive and which ones should be considered for further work. The result will send a strong signal to markets, investors and consumers as to the direction of governmental policy over the next decades.

Bert Bolin, Chair of the Intergovernmental Panel on Climate Change (IPCC), presented the IPCC Technical Paper on Technologies, Policies and Measures for Mitigating Climate Change. He said that different pathways can be chosen to reach stable emission concentrations and presented a comparison of the possible stabilization levels, cumulative emissions and conventional and potential reserves of fossil fuels. He stated that an agreement on further limitations of greenhouse gas emissions requires decisions on: which level of equivalent CO₂ stabilization might be appropriate; the implications of such a level for permissible cumulative global CO₂ emissions; and how to apportion the permissible cumulative CO₂ emissions between countries.

The agenda and organization of the work of the session were then adopted. Mr. Suphavit Piamphongsant (Thailand) was appointed Rapporteur of AGBM-5.

STRENGTHENING COMMITMENTS IN ARTICLE 4.2(a) AND (b)

On Tuesday, 10 December, the AGBM considered Agenda Item 3, Strengthening commitments in Article 4.2(a) and (b): policies and measures (P&Ms) and quantified emission limitation and reduction objectives within specified time frames (QELROs).

POLICIES AND MEASURES: Regarding P&Ms, the synthesis document (FCCC/AGBM/1996/10) notes that two general approaches have been discussed within the AGBM: a menu approach, wherein Annex I Parties could choose from a list according to national circumstances; and a mandatory approach, under which a new legal instrument would require certain common and/or coordinated P&Ms. The document also states that proposals on P&Ms address three areas: mechanisms for implementation, policy objectives to be pursued by P&Ms and specific P&Ms for inclusion in a protocol or another legal instrument.

Delegates expressed differing opinions regarding the approach to P&Ms. The EU, supported by SWITZERLAND, favored adopting a mandatory approach, under which the new legal instrument would require certain common and coordinated P&Ms. The EU proposed three separate annexes to the protocol, drawing distinctions between mandatory, coordinated and optional P&Ms. He also proposed an "Annex X" for those Parties that adopt and implement these P&Ms. Responding to numerous questions, the EU clarified that Annex X could include all Annex I countries and new OECD members. Non-Annex I countries could also be included on a voluntary basis. Supported by BRAZIL, AUSTRALIA, VENEZUELA, SAUDI ARABIA and CANADA, the US opposed harmonized measures and advocated flexibility through national programmes geared to national circumstances.

The G-77/CHINA, supported by CHINA, INDIA, the REPUBLIC OF KOREA, BRAZIL, MALAYSIA, SAUDI ARABIA, GHANA, SAMOA, the MARSHALL ISLANDS, VENEZUELA, MEXICO, ZIMBABWE, SENEGAL, IRAN, NIGERIA, THAILAND, MAURITIUS, the PEOPLE'S REPUBLIC OF KOREA, ALGERIA, CHILE and KUWAIT, stressed that the AGBM's work must remain within the Berlin Mandate. He expressed concern that P&M proposals did not focus solely on Annex I Parties' commitments and stressed that developing countries' implementation depended on developed countries fulfilling their commitments. He referred to the concept of "Annex X Parties", the separation of P&Ms and QELROS and concepts such as emission banking, emission permits and AIJ as attempts to stray from commitments.

Both developed and developing countries highlighted the need for flexible approaches and the importance of economic considerations. The REPUBLIC OF KOREA, CANADA, JAPAN, NEW ZEALAND and MAURITIUS supported a menu approach to provide flexibility for countries with differing economic positions and national contexts. MEXICO and CHILE supported a flexible approach with some binding commitments. NEW ZEALAND highlighted the need for least-cost solutions and advocated market-based instruments. SWITZERLAND noted that some common measures, such as taxation of aviation fuel, are necessary and important for small countries with limited home markets. CANADA and AUSTRALIA also suggested that activities to combat climate change need to be beneficial for the economy and that action should not impinge on competitiveness. THAILAND questioned the concept of "cost effectiveness" in mitigating climate change.

BRAZIL supported common policies in sectors of an international nature and, supported by MEXICO and IRAN, cautioned against policies that would impose barriers to international trade and negatively affect non-Annex I countries. SAUDI ARABIA, supported by KUWAIT and ALGERIA, suggested that proposals of P&Ms should be accompanied by an analysis of their impacts on developing countries, in particular with regard to economic growth and international trade. MAURITIUS supported voluntary agreements for the elaboration of mechanisms of P&Ms and asked whether taxes and emissions permits would apply to Annex I countries only.

Delegates also noted other considerations. NEW ZEALAND noted the need for refinement of policy objectives. CANADA supported "less intrusive" mechanisms for implementing P&Ms, including education and information sharing. CANADA, SAMOA, the MARSHALL ISLANDS and MAURITIUS favored a combined approach for negotiating P&Ms and QELROS. SAMOA, on behalf of Alliance of Small Island States (AOSIS), called for a coordination mechanism for discussing and implementing P&Ms. IRAN argued that P&Ms should include information and technology exchange. VENEZUELA highlighted the advantages offered by utilizing fossil fuels while developing technology to minimize their impacts on climate.

QELROS: The synthesis document (FCCC/AGBM/1996/10) addresses several issues regarding QELROs, including: legal character; coverage; level and timing; distribution of commitments; and flexibility.

On the legal character of QELROs, NORWAY, ICELAND, the MARSHALL ISLANDS, the EU, CHILE, EGYPT, MOROCCO, MAURITIUS and SAMOA, on behalf of AOSIS, called for legally-binding commitments for Annex I countries, but MOROCCO cautioned against negative impacts on developing countries. ARGENTINA and NEW ZEALAND called for mechanisms for compliance and dispute settlement. A number of countries, including NORWAY, urged a degree of flexibility for Annex I countries. The US suggested "hard commitments to soft targets," wherein commitments would focus on the development of a programme, implementation of P&Ms, reporting and review. VENEZUELA recommended defining the legal nature once objectives were quantified.

On the coverage for greenhouse gas (GHG) emissions, the EU, the US, EGYPT, IRAN and MAURITIUS favored covering all GHGs. The MARSHALL ISLANDS preferred to cover only CO₂ gases. NORWAY, supported by CANADA and NEW ZEALAND, called for a single objective relating to all greenhouse gases through the use of a "basket" approach containing as many greenhouse gases as possible. ARGENTINA, supported by VENEZUELA and CHILE, preferred a "gas-by-gas approach".

On the level and timing of QELROs, SAMOA, on behalf of AOSIS, the MARSHALL ISLANDS, the MALDIVES and MAURITIUS referred to the AOSIS draft protocol, which requires Annex I Parties to reduce 1990 CO₂ emission levels by at least 20 percent by the year 2005. SAMOA, on behalf of AOSIS, the MARSHALL ISLANDS and the EU promoted early action while the US supported a longer time-horizon. FRANCE suggested an ultimate per capita reduction in CO₂ compatible with convergence at a global reduction of 7 percent by 2010. EGYPT preferred a uniform level of emissions. ICELAND and JAPAN proposed multi-year targets and VENEZUELA opposed the introduction of targets and timetables. ARGENTINA suggested not only focusing on percentages and time frames but also on standards for economic efficiency.

On the distribution of commitments, the US proposed flat rate reductions that would bind all Annex I Parties to the same QELROs. A number of Parties, including NORWAY, RUSSIA, ICELAND, AUSTRALIA, CANADA, JAPAN, CHILE, FRANCE, the REPUBLIC OF KOREA, IRAN and EGYPT, called for differentiation among Annex I countries in order to take account of differences in national circumstances and economic burdens. Several delegations highlighted the importance of equity and flexible distribution. The RUSSIAN FEDERATION highlighted Article 4.6, which calls for flexibility for countries with economies in transition. ARGENTINA proposed setting objectives for regional groups and further study of differentiation. SAMOA, on behalf of AOSIS, said there was insufficient time to negotiate differentiation.

NORWAY, ICELAND and AUSTRALIA suggested establishing indicators as a basis for differentiation. NORWAY proposed common levels of greenhouse gas emissions per unit of GDP, greenhouse gas emissions per capita and GDP per capita. AUSTRALIA suggested considering GDP growth of the economy, population growth, fossil fuel trade and emission intensity of exports. VENEZUELA and IRAN suggested including historic responsibility for concentration of greenhouse gases. BRAZIL favored calculating the burden starting from a baseline year. AUSTRALIA suggested that indicators could be negotiated through a bottom-up approach.

Regarding flexibility, FRANCE reminded Parties of the importance of minimizing costs in achieving objectives and proposed flexibility in meeting their QELROs. With the REPUBLIC OF KOREA, he noted the need for joint or coordinated P&Ms at the international level. NORWAY, CANADA, the US, the EU and FRANCE supported the idea of allowing Annex I countries to meet their commitments through joint implementation (JI). VENEZUELA cautioned that AIJ and JI were distinct concepts and that JI should only be considered with respect to other Annex I countries. BRAZIL urged that JI credit should apply only if both countries had emissions targets. ARGENTINA stated that flexibility should not be a "blank cheque".

The idea of emissions trading to achieve flexibility was supported by delegations such as NORWAY, CANADA, NEW ZEALAND and FRANCE. The EU said that emissions permits could not replace P&Ms. AUSTRALIA said that trading regimes would need to address equity concerns. CANADA and NEW ZEALAND supported cumulative or aggregate targets. The US proposed emissions banking or borrowing. EGYPT warned that borrowing could constitute an excuse to delay action. MALAYSIA suggested that borrowers should pay interest, which could be used to set up a fund to safeguard countries against the effects of climate change.

The CLIMATE ACTION NETWORK, representing environmental NGOs, called on COP-3 to adopt a protocol imposing legally-binding commitments by industrialized countries to cut CO₂ by 20 percent by 2005 and adopt aggressive targets thereafter. The INTERNATIONAL COUNCIL FOR LOCAL ENVIRONMENTAL INITIATIVES, representing local authorities, noted that local governments began setting emissions targets five years ago and called for international targets as an initial step towards strategy.

CONTINUING TO ADVANCE IMPLEMENTATION OF EXISTING COMMITMENTS IN ARTICLE 4.1

On Wednesday, 11 December, delegates considered Agenda Item 4 on continuing to advance the implementation of existing commitments in Article 4.1. The Chair described the issue of "Annex X" as an internal discussion among the OECD countries that should not require further discussion in this session.

The synthesis document (FCCC/AGBM/1996/10) notes, *inter alia*, that the AGBM may wish to note work already done to advance implementation through the preparation of national guidelines. The document states that Parties have made proposals for additional action on: national inventories; climate change response strategies; technology development and transfer; adaptation; inclusion of climate change considerations in policy initiatives; research and development; education and training; communication of information; and financial assistance.

A number of developing countries focused on the fulfillment of commitments by developed countries. The G-77/CHINA, supported by MALAYSIA, the MARSHALL ISLANDS, MICRONESIA, IRAN, INDIA, the PHILIPPINES, VENEZUELA, NIGERIA, BRAZIL, INDONESIA and THAILAND, emphasized

that all sections of Article 4.1 must be considered equally and in an integrated manner. She expressed concern that developed countries might not pursue their full commitments, as outlined in Article 4.2, and referred to the IPCC's Second Assessment Report (SAR), which shows that most emissions have originated from developed countries while per capita emissions in developing countries are relatively small. She emphasized Articles 4.3 and 4.7, which state that developed countries shall provide new and additional financial resources and shall transfer technology to developing countries. She also stressed that AIJ should not be seen as a solution to Article 4.1. THAILAND opposed the imposition of new commitments on non-Annex I countries by Annex I countries, which have not fulfilled their own commitments. VENEZUELA called for a regular review on the adequacy of commitments.

Many developing countries also highlighted national efforts and specified areas for stronger developed country assistance. MEXICO is currently developing a national action plan and stressed timely access to technologies and financial support. INDIA said developing countries are already engaging in sustainable social and economic development. IRAN said, on national inventories, that developing countries have done more than required and developed countries have not done enough. MICRONESIA called for support in capacity building, particularly in the area of monitoring sea level rise. The MARSHALL ISLANDS and NIGERIA stressed that technology transfer is pivotal to the Convention. MALAYSIA expressed disappointment with some Parties' focus on national communications and inventories and stressed the need for research and systematic observation.

Developed countries expressed a range of views on further commitments. NORWAY opposed further commitments for developing countries, calling on Annex I countries to advance the implementation of existing commitments on technology transfer and financial assistance. These requirements and a further investigation into incentive measures and cooperative structures would be crucial to the success of policies such as AIJ. The EU stressed the need for cooperative efforts between all Parties in the areas of development, application and diffusion of technologies, practices and process; AIJ; and consistency between programmes of multilateral development banks and the private sector and the objectives of the FCCC. He requested the Chair to include these elements, as contained in the EU's draft protocol, in the document to be prepared for AGBM-6.

The US agreed that the focus would remain on developed country commitments, but noted the increase of greenhouse gas emissions by developing countries and emphasized that future steps under the Convention must include all Parties. He suggested specifying dates by which all Parties should meet their QELROS, which could vary with factors such as the level of development. He proposed developing guidelines for revising annexes to better select common but differentiated responsibilities and establishing a graduation mechanism for movement between Annex I and II, as per Article 4.2(f), as part of the new instrument. AUSTRALIA stated that non-Annex I Parties' national guidelines are eagerly awaited as per the Berlin Mandate's call for all Parties to continue their commitments under Article 4.1 and requested COP-3 to consider longer term commitments.

On AIJ and JI, the PHILIPPINES noted that JI should be applicable to Annex I countries only and called for a reporting framework for JI to evaluate the benefits derived. ZIMBABWE urged Annex I countries to avoid allowing AIJ or JI projects to become "business as usual" and to take account of developing countries' own development strategies. VENEZUELA and THAILAND said that technology transfer cannot depend on AIJ activities because these are still in a pilot stage. CANADA characterized JI as a "win-win" method for both developed and developing countries that can supply state of the art technologies.

MALAYSIA expressed concern regarding AIJ as a means to advance Article 4.1.

Delegations also raised other points regarding commitments. The RUSSIAN FEDERATION called for flexibility in implementation for countries with economies in transition, which need to stabilize sustainable economic development. He supported calculating annual emissions on a percentage basis from the baseline year of 1990, but proposed 2010 as the target year to allow for a long-term approach on investment. TURKEY noted its status as a non-signatory because it is listed in both Annex I and II, although UNDP considers it a developing country

POSSIBLE FEATURES OF A PROTOCOL OR ANOTHER LEGAL INSTRUMENT

On 11-12 December, the AGBM discussed Agenda Item 5, possible features of a protocol or another legal instrument. The synthesis document (FCCC/AGBM/1996/10) highlights several issues, including: the form and scope of the instrument; communication and review of information and commitments; annexes; voluntary application of commitments by non-Annex I Parties; institutions and institutional support; dispute settlement and compliance; and action after COP-3.

FORM AND SCOPE OF THE INSTRUMENT: The EU supported a protocol to build on FCCC commitments and objectives and give the Berlin Mandate quantified targets and timetables. He said the EU's proposed protocol meets these requirements and can evolve over time. SWITZERLAND and CHILE also favored a protocol. The G-77/CHINA, supported by VENEZUELA, NIGERIA, INDIA, SAUDI ARABIA, MEXICO, GAMBIA, MALAYSIA and MOROCCO, stressed that the instrument should not deviate from the Berlin Mandate. SAMOA, on behalf of AOSIS, noted that the structure and language of the AOSIS draft protocol accords with the Convention. SENEGAL, the MARSHALL ISLANDS, the DOMINICAN REPUBLIC, the PHILIPPINES and HONDURAS specifically supported the AOSIS draft protocol. A number of countries, such as the US, NEW ZEALAND and SAUDI ARABIA said that the substance of the instrument should determine its form and possible features.

COMMUNICATION AND REVIEW OF INFORMATION: The EU stated that its protocol proposal includes differing timetables for national communications by Annex I and non-Annex I Parties and progressive enhancement of commitments. The US urged a strengthening of national and international mechanisms for the review of information on implementation. The G-77/CHINA noted that the preamble of the Berlin Mandate focuses on review of commitments under Articles 4.2(a) and (b), stating that the scope of the new instrument should include P&Ms, QELROs and continuing commitments under Article 4.1. CANADA said that reporting should take place within specified time frames and be addressed by the SBI. The US also supported a time frame for reviewing and updating commitments.

ANNEXES: A number of views were expressed on possible annexes to the instrument. The US did not see a need for annexes on P&Ms. CANADA favored an annex describing commitments clearly in order to facilitate their rapid adjustment. CHILE stated that a differentiation of commitments should be made clear in the body of the protocol rather than in an annex, and said an annex could cover quantification. MALAYSIA called for annexes with provisions to ensure the commitments of Article 4.1 and regular review of these provisions. NIGERIA opposed the establishment of any new annexes that create a new category of Parties.

VOLUNTARY APPLICATION OF COMMITMENTS FOR NON-ANNEX I PARTIES: NIGERIA, IRAN, SENEGAL and MOROCCO opposed new commitments for non-Annex I Parties. The US and NEW ZEALAND stated that they would not

object to voluntary commitments from non-Annex I Parties. The US also suggested providing non-Parties with positive incentives to join the regime. AUSTRALIA called for the review process to account for factors such as those considered in setting commitments, new scientific information and changes in circumstances. IRAN called for an analysis of socio-economic impacts on developing countries before judging the adequacy of commitments. CHILE emphasized that the fulfillment of any additional commitments by the developing world depends on Annex I countries abiding by their commitments. SENEGAL noted that African countries have already made serious sacrifices to apply the FCCC but lack sufficient resources. HONDURAS stressed that the efforts made by developing countries are as important as those of Annex I countries.

INSTITUTIONS: The EU, the G-77/CHINA, VENEZUELA, SWITZERLAND, the US, AUSTRALIA, NEW ZEALAND, SAUDI ARABIA and MALAYSIA stated a preference for economy of institutions such as use of the same COP, SBSTA and Secretariat. INDIA and CANADA also favored drawing heavily from existing institutions. SWITZERLAND suggested that Parties to the Convention and Parties to the protocol should hold meetings in conjunction, but the US and NEW ZEALAND specified that only Parties to the protocol should take decisions on it. MOROCCO noted that financial resources should be provided for any institutions that will service the instrument.

DISPUTE SETTLEMENT AND COMPLIANCE: The EU noted that its protocol proposal includes establishment of a multilateral consultative process (MCP) for both review of compliance and dispute settlement under the FCCC. INDIA noted that when a non-Annex I Party or its policies are affected by Annex I country actions, such as when intellectual property rights affect terms of trade, those actions should be considered under Article 13 (MCP) rather than Article 14 (dispute resolution). SWITZERLAND favored the establishment of a process to assess compliance with the protocol. KUWAIT called for an examination of the connection between the proposed protocol and the work of AG13. CANADA said that the linkage to Article 13 must be reviewed. The US advocated a clear structure for commitments and for objectively measurable targets.

PREPARATION OF A SYNTHESIS DOCUMENT: CHINA, supported by INDIA, SRI LANKA, VENEZUELA, MOROCCO, CHILE, SAMOA, GAMBIA, GHANA and JAPAN, requested a compilation synthesis of all proposals to be distributed in January. CHINA and INDIA requested that the sources of the proposals be noted in the compilation. SIERRA LEONE said a draft text for a protocol should be available in time for AGBM-6. GHANA, SENEGAL and VENEZUELA noted that time is needed for additional suggestions for the compilation and, with SRI LANKA and the DOMINICAN REPUBLIC, called for a framework compilation to circulate to capitals before AGBM-6. SAUDI ARABIA cautioned that this process should not preclude submissions at a later stage. CHILE noted that a text would encourage signs of political will to compromise in a new negotiation phase. The EU reiterated its request to include elements from its proposal in the synthesis.

Delegations also commented on a number of other points. NIGERIA noted the needs of African countries and called for the inclusion of paragraphs on economic damage to non-Annex I countries from actions by Annex I Parties. IRAN and BURKINA FASO called for language on technology transfer and provision of financial resources in the new legal instrument. NEW ZEALAND commented that the new instrument should pave the way for future global action, but MOROCCO and SAUDI ARABIA stated that action after COP-3 exceeds the Berlin Mandate. KUWAIT also noted that the rules of procedure for the FCCC are still not adopted, which may affect the outcome of the AGBM process.

CHAIR'S DRAFT CONCLUSIONS

On Thursday afternoon, 12 December, AGBM-5 met informally to consider the Chair's draft conclusions, which contain four sections.

Sub-item (a) notes that the AGBM reiterated that the protocol or another legal instrument to be adopted at COP-3 should implement fully the terms of the Berlin Mandate, and underlined that the Berlin Mandate process will not introduce any new commitments for Parties not included in Annex I.

CHINA and the PHILIPPINES proposed retaining sub-item (a) as is. NIGERIA said the paragraph should remain as is because numerous delegations had specifically emphasized no new commitments for developing countries and CHINA said that some proposals had attempted to introduce commitments for developing countries. CHINA, INDIA and KUWAIT also supported noting the sources of proposals as a means to trace the history of the proposals. The US, supported by the EU, opposed singling out the phrase from the Berlin Mandate that specifies no new commitments for developing countries, in the conclusions.

The Chair proposed noting the reservation of the US. The US clarified that it had an objection, not a reservation, and the EU reiterated its concern. CANADA proposed deleting the reference or including all of paragraph 2(b) of the Berlin Mandate. The UK proposed including a reference from the Geneva Declaration, but the Chair noted that not all Parties had supported the Declaration. Delegates included the complete text of paragraph 2(b) of the Berlin Mandate, which states that the process will not introduce new commitments for non-Annex I Parties but will reaffirm existing commitments in Article 4.1 and continue to advance the implementation of these commitments in order to achieve sustainable development, taking into account Articles 4.3, 4.5 and 4.7.

Sub-item (b) requests the Chair and the Secretariat to prepare a framework compilation, incorporating textual proposals from Parties as well as other proposals from Parties for the elements of a protocol or another legal instrument, and identifying the sources. The paper will receive in-depth consideration and serve as a basis for further proposals from Parties at AGBM-6.

MALAYSIA, supported by CHINA and the PHILIPPINES, said that including elements outside the Berlin Mandate in the framework compilation will sidetrack negotiations and suggested specifying that the compilation should be based on the Berlin Mandate. The US said that the Convention was developed on the basis of proposals that did not identify the sources, and, supported by NORWAY, cautioned against establishing a new practice.

Sub-item (b) was amended to state that the framework compilation will receive in-depth consideration and serve as the basis for further proposals at and following AGBM-6, bearing in mind the need to circulate text in all UN languages by 1 June 1997.

Sub-item (c) invites Parties to submit further proposals, especially proposals incorporating draft text for the instrument, and requests the Secretariat to issue such proposals in a miscellaneous document. Proposals received by 15 January 1997 will be taken into account in the preparation of the framework compilation.

The US noted that other proposals will receive consideration beyond AGBM-6. Sub-item (c) was accepted without amendment.

Sub-item (d) requests the Chair to explore with interested delegations the concept of differentiation and criteria for differentiation with a view to applying a number of parameters and bringing the results to an informal round table to be convened at AGBM-6.

INDIA and KUWAIT supported specifying that differentiation, as mentioned in sub-item (d), applies to Annex I countries.

The US and CANADA noted that while differentiation is important, other concepts are as well. Sub-item (d) was amended to note that differentiation "as applicable to Annex I countries" will be explored.

FINAL SESSION

The Chair then convened a formal meeting on Thursday, 12 December to adopt the conclusions and the report of the meeting. No formal report was prepared. Delegates agreed to adopt an outline of the report and empowered the rapporteur to complete the report, subject to review at AGBM-6. The Chair noted that, according to his informal consultations, AGBM-5 achieved more progress than is immediately apparent and there is much common ground to be developed. He noted that statements until this meeting were in general terms and that the next document will bring AGBM to more concrete discussions.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Chair Tibor Farago (Hungary) opened the fourth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA-4) on Monday, 16 December. He noted SBSTA's previous success on issues such as national communications, methodological issues, guidelines for communications from Annex I Parties, technology assessment and transfer and cooperation with other bodies. He also noted that there has been less success on scientific issues, election of officers, a roster of experts and adoption of the rules of procedure.

COOPERATION WITH THE IPCC

On Agenda Item 3, Cooperation with the Intergovernmental Panel on Climate Change (IPCC), the Secretariat introduced document FCCC/SBSTA/1996/18, which identifies the following issues for SBSTA's consideration: the need for consultation on the IPCC work programme, long-term emission profiles and harvested wood products. IPCC Chair Bert Bolin reported on the status of the six technical papers that the IPCC had agreed to produce and listed other areas of current IPCC work. He noted that the IPCC has deferred work on harvested wood products to SBSTA because it concerns international trade, which is related to allocation issues.

GUIDELINES FOR NATIONAL GHG INVENTORIES:

The Revised 1996 IPCC Guidelines for National GHG Inventories were introduced (FCCC/SBSTA/1996/18/Add. 1) for consideration and possible adoption. Revised guidelines have been established for the following sectors: fuel combustion, industrial processes, land-use change and forestry, agricultural soils and waste.

A number of countries expressed their appreciation for the cooperation between the SBSTA and the IPCC. Many countries, including INDIA, JAPAN, the RUSSIAN FEDERATION, ZIMBABWE, CANADA, NORWAY, the EU and MALAYSIA, supported the adoption of the Revised 1996 Guidelines for emission inventories. The RUSSIAN FEDERATION called for closer scrutiny of the global warming potential (GWP) of CFC substitutes. A number of Parties made statements on the approach by which emissions related to the consumption of HFCs, PFCs and SF6 are to be reported. The "potential approach," as favored by the US and TRINIDAD AND TOBAGO, would use annual data on production, exports, imports and destruction. The emission estimates so derived do not take into consideration storage and release of chemicals over time.

The "actual approach," in contrast, attempts to account for the time lag between consumption and emissions. JAPAN, NORWAY and the EU favored the "actual emission approach," but also encouraged the submission of data using the "potential approach." The EU stated that Parties should report the best available estimate

of actual emissions, to the extent that national circumstances permit. LATVIA supported ROMANIA and POLAND in stressing the need for comparability of methodologies.

Parties then discussed when they should begin using the Revised Guidelines for reporting. JAPAN, INDIA, the EU, NEW ZEALAND and JAPAN stated that the Revised Guidelines should be applied to recalculate 1990 base year GHG inventories and all subsequent years. A number of countries, including LATVIA, stated that their second inventories are being prepared and that it would be too complicated to recalculate them. AOSIS, ROMANIA, HUNGARY, the RUSSIAN FEDERATION, NORWAY, CANADA, AUSTRALIA, GAMBIA and IRAN supported a more flexible approach, by which the revised methods would be applied as a supplement to the 1995 IPCC Guidelines on a voluntary basis for inventories due in April 1997 and on a mandatory basis for 1998 and 1999. Inventories due after 1999 would use only the Revised Guidelines. The US urged to test the revised methods for validity and workability and apply them, where possible, by 1997.

AUSTRALIA, INDIA, the EU, CANADA and NEW ZEALAND supported the use of the Revised Guidelines by both Annex I and non-Annex I countries. Some countries, including CHINA, IRAN and POLAND, did not support this position. MICRONESIA, ROMANIA and the MARSHALL ISLANDS urged flexibility for developing countries to apply the revised guidelines. MAURITIUS suggested a simplified inventory methodology, given the limited expertise of African countries. CANADA agreed with JAPAN and HUNGARY that further distribution of the guidelines and methodology was necessary.

IPCC WORK PROGRAMME: An initial list of items on which the IPCC could provide input to the SBSTA was presented in the annex to document FCCC/SBSTA/1996/18.

Numerous countries, including AUSTRALIA and the US, supported the work programme. ZIMBABWE urged SBSTA to request the IPCC to conduct awareness programmes through workshops at regional levels. CHINA noted the importance of Article 4.8, on the special needs of vulnerable countries for study of regional sectoral impacts of climate change. MAURITIUS, on behalf of the African Group, called for long-term sustained monitoring and projects leading to vulnerability assessment and adaptation methods and for more developing country scientists' involvement in the IPCC. MALAYSIA, CHINA, the PHILIPPINES and INDIA favored prioritizing regional scenarios on climate change to facilitate developing countries' work on national communications. The US, supported by CANADA, pointed to the need to consider FCCC resources for the work of the IPCC.

The EU asked that the full range of issues covered in the SAR be considered in the Third Assessment Report (TAR). The US urged the IPCC to remain flexible and responsive to SBSTA. CHINA and IRAN proposed that the TAR contain a section on the impact of activities by Annex I on non-Annex I countries. KUWAIT urged that IPCC studies be based on proposals by Parties, adhere to the Berlin Mandate and not refer to commitments of non-Annex I Parties. MAURITIUS asked for computer technology to enhance developing country participation in the IPCC and increase public awareness of the results of the SAR. MICRONESIA requested representation of small island developing States (SIDS) in the IPCC and expert groups.

LONG-TERM EMISSIONS PROFILES: The IPCC sought the SBSTA's views on assumptions concerning economic, social and other goals of Parties between 2000 and 2010 and beyond that were likely to affect GHG emissions from energy and other sectors.

CANADA and the US called for realistic scenarios. The EU suggested using extended and illustrative profiles to represent the proposals, which range from a 0.5 percent reduction per annum

after 2000 to a 20 percent reduction by 2005 followed by a two percent reduction per annum thereafter. CHINA called for a focus on the cumulative concentration of GHG emissions. The US proposed a clear distinction between "protocol" proposals and sensitivity studies, and called for the latter using all combinations of country participation.

HARVESTED WOOD PRODUCTS: The IPCC consulted the SBSTA on the direction of its work on emissions associated with harvested wood products. JAPAN, the EU and the MARSHALL ISLANDS supported the idea of an IPCC expert meeting on harvested products. A number of other countries, including CANADA and the RUSSIAN FEDERATION, also urged further work on this issue. MALAYSIA requested the SBSTA to work with the Food and Agriculture Organization (FAO) or the International Tropical Timber Organization (ITTO) on wood products and queried how to take anthropogenic forest fires into account in national reporting. AUSTRALIA asked for work on anthropogenic emissions in the context of land use change and the forestry sector and noted similarities between harvested wood products, traded emissions and bunker fuels.

CONCLUSIONS: During its final session, the SBSTA considered the Chair's draft conclusions on cooperation with the IPCC, based on the results of informal consultations. The draft conclusions took note of the revised schedule of work and urged the IPCC to give high priority to the development of regional scenarios and regional impacts of climate change and, as added by KUWAIT, to economic impact assessments of new commitments by Annex I countries. The conclusions urged the IPCC to develop a flexible work programme and requested Parties to submit comments on the TAR by 30 May 1997. GERMANY added a reference to the early 1997 IPCC discussion paper on the preparation of the TAR. The SBSTA also requested the Secretariat, with the IPCC and other organizations, to ensure wide dissemination of the Revised Guidelines for National GHG Inventories to all Parties.

The Chair's draft conclusions on emission profiles note divergent views regarding format, timing, content and sensitivity studies to be used in developing profiles, and request Parties to make their submissions on this item by 15 January 1997. The SBSTA also requests the IPCC to make a presentation on the development of emission profiles and possible implications to the climate system at SBSTA-5. Extensive discussion took place on future SBSTA and IPCC work on emission profiles.

The conclusions state that SBSTA-5 would continue to elaborate on profiles, based on proposals submitted by Parties, with a view to giving clear guidance to the IPCC on the development of long-term emission profiles. The EU, supported by TRINIDAD AND TOBAGO, ARGENTINA, CANADA, SWITZERLAND, GERMANY and the US, proposed requesting the IPCC to complete this work on the basis of these submissions in consultation with the Joint Working Group of officers of the FCCC and the IPCC. The Chair moved to adopt the conclusions as amended, but SAUDI ARABIA, KUWAIT and NIGERIA strongly opposed this proposal and called its adoption "illegal." BRAZIL's suggested text that maintained the EU proposal and added that the SBSTA would continue to work on this issue during its fifth session, which was adopted.

The Chair's draft conclusions on the application of the 1996 Revised IPCC Guidelines for National GHG Inventories note the additional data, information and simplified methodologies they contained. CHINA, the PHILIPPINES and KUWAIT opposed the EU's preference to "approve and adopt" the Revised Guidelines. The US suggested that the SBSTA "take note" of the Revised Guidelines adopted by the IPCC and "decides that they should be used as follows": Annex I countries should apply them for their

1997 inventories on a voluntary basis and on a mandatory basis for their 1998 inventories. They should also use them to recalculate the base year inventory and submit updated time series data for the years in between. Economies in transition may apply the revised guidelines one year later than other Annex I Parties.

Following comments from the EU and the PHILIPPINES on non-Annex I Parties' use of guidelines and methodologies for inventories, ARGENTINA suggested text encouraging non-Annex I Parties' to apply the revised 1996 guidelines in communicating their national GHG inventories. SBSTA also encouraged Parties to report actual emissions of HFCs, PFCs and SF6 and figures for potential emissions. CHINA insisted that Parties that are not in a position to report actual figures should be "encouraged" rather than requested to report potential emissions. The SBSTA requested the Secretariat to prepare a study on methodologies for assessing emissions from harvested wood products.

METHODOLOGICAL ISSUES

On Tuesday, 17 December, the SBSTA considered Agenda Item 4(a), Longer-term programme of work (FCCC/SBSTA/1996/16 and Add.1). Delegates specifically considered priorities for methodological work, implications for the budget and necessary institutional and financial arrangements.

PRIORITIES FOR METHODOLOGICAL WORK:

Numerous countries, including NEW ZEALAND, ECUADOR, the EU and the RUSSIAN FEDERATION, supported the document's list of methodological issues that warrant special consideration. These include methods for (i) assessing mitigation measures and policies; (ii) projecting emissions; (iii) evaluating and monitoring the effectiveness of specific P&Ms; (iv) assessing mitigation technologies; and (v) evaluating AIJ and developing the concept of JI. The US said that no single method would be universally applicable and called on the SBSTA to avoid duplicating efforts, in particular with the IPCC. He suggested that governments nominate experts to be included in the process of developing methodologies.

MICRONESIA, supported by the MARSHALL ISLANDS, expressed concern about channeling GEF funds and urged that higher priority be given to adaptation methodology. AUSTRALIA suggested giving the highest priority to methods for assessing mitigation and emissions projections. He urged the SBSTA to monitor real changes in GHG concentration in the atmosphere, and to include this issue under methodological topics. ECUADOR suggested giving priority to methods for projecting emissions and for evaluating AIJ. NEW ZEALAND prioritized methods for assessing mitigation measures, projecting emissions and evaluating the effectiveness of P&Ms. He reminded the IPCC not to engage in policy recommendations.

The EU urged the SBSTA to play a supervisory role for methodological work and requested that the Secretariat review means of funding work on methodologies. AUSTRALIA suggested additions to the Secretariat's budget. The MARSHALL ISLANDS concurred with this and, supported by ECUADOR, suggested requesting the governing bodies of international organizations to give a high priority to work in support of the FCCC process.

Informal consultations led to a draft conclusion, noting a need for work on methodological issues relating to climate change, encouraging cooperation on this with other bodies and requesting the Secretariat to prepare an initial draft work plan utilizing expert advice. In adopting the text, language referring to methodological issues "related to AIJ" was deleted. KUWAIT proposed adding socio-economic analysis to the list of methodological topics proposed. The EU objected, but withdrew its objection in lieu of deferring the entire conclusion to SBSTA-5.

POSSIBLE REVISIONS TO THE GUIDELINES FOR THE PREPARATION OF COMMUNICATIONS BY PARTIES INCLUDED IN ANNEX I OF THE CONVENTION:

On Agenda Item 4(b), Possible revisions to the guidelines for the preparation of communications by Parties included in Annex I to the Convention, the Secretariat introduced three documents. Documents FCCC/SBSTA/1996/9/Add.1 and Add.2 highlight electricity trade, bunker fuels, use of global warming potentials (GWPs), accounting for land-use change and forestry, temperature adjustments, and present options for action. Document FCCC/SBSTA/1996/MISC.5 contains comments from Parties.

The MARSHALL ISLANDS, NORWAY, MICRONESIA and INDIA favored deferring consideration of this issue and requesting Parties to submit comments. The MARSHALL ISLANDS and INDIA said they would allow provision of supplementary information based on the documents. AUSTRALIA supported the revisions to guidelines but called for work on defining anthropogenic emissions.

The issue of adjustment was raised not only regarding temperature adjustment, but also regarding electricity trade and bunker fuels. Unadjusted reporting was generally preferred, with supplemental adjusted figures. DENMARK noted that his country experiences random electricity emissions fluctuations due to climatic factors. He supported the continued use of reporting on actual, as well as adjusted levels of emissions, to correct for these fluctuations.

On the electricity trade, the US noted inconsistencies in reporting on imports and exports due to *ad hoc* adjustments, and called for emissions accounting where generated. Data on the trade and related emissions should be supplemental. He proposed that the Secretariat prepare a paper on electricity trading. AUSTRALIA and NEW ZEALAND also favored the use of unadjusted figures. AUSTRALIA noted that electricity trading is part of the general issue of trade in high carbon intensive commodities.

On international bunker fuels, the US recommended unadjusted inventories but said supplemental data could include averaging over some period in order to estimate progress towards targets. Supported by NORWAY, he noted the need for a methodology for consistent emissions allocation. The US and NEW ZEALAND recommended narrowing the number of options for further action. The RUSSIAN FEDERATION also urged further work, particularly with other international organizations. MICRONESIA sought clarification on bunker fuels with regard to regionally-specific emission factors and suggested a roundtable on bunker fuels for SBSTA-5.

On temperature adjustments, CANADA, AUSTRALIA, INDIA and JAPAN favored unadjusted emissions reporting in inventories and a separate method for treating adjustments. JAPAN called for a unified approach to be discussed by the IPCC. AUSTRALIA highlighted that temperature adjustments are based on cyclical fluxes like other climatic events and, therefore, should follow the same conceptual approach. He proposed developing common national performance indicators within SBSTA's work programme and having countries use these along with specific national ones.

On global warming potentials (GWPs), INDIA expressed concern about inconsistencies in their use and asked for comparability in reports. JAPAN suggested that Parties using GWPs utilize the GWP guidelines adopted at COP-2, but preferred reporting on GHGs gas-by-gas. NEW ZEALAND echoed this call for caution on GWP use.

On land use and forestry, MICRONESIA called for clearer definitions. AUSTRALIA noted that P&Ms cover all relevant sources, sinks and reservoirs of GHGs and, therefore, favored

aggregating activities in all sectors for a “net” emissions figure. However, JAPAN noted methodological problems in this category and NEW ZEALAND said the issue of subtraction depends on resolving other issues. Both JAPAN and NEW ZEALAND favored the “net approach”, but until these problems are resolved JAPAN stated a preference for use of gross figures.

CONCLUSIONS: In the final session of the SBSTA on Wednesday, 18 December, conclusions were adopted that defer a decision on revising the guidelines to a future session and request further work on reporting on bunker and aviation fuel emissions, electricity related emissions, and technical and policy issues related to emissions adjustments and trade. TRINIDAD AND TOBAGO, on behalf of AOSIS, proposed deleting language making the option for no allocation of bunker fuels a “priority” for action. Following an EU objection, the option for no allocation will be “considered”. The conclusion was adopted as amended.

NATIONAL COMMUNICATIONS FROM ANNEX I PARTIES

The Secretariat gave an oral report on national communications for Annex I Parties, stating that 31 In-Depth Reviews have been undertaken so far, 16 of which have been issued and published. Responding to a request by AUSTRALIA, the Secretariat later circulated the report as a conference document (FCCC/SBSTA/1996/CRP.5). There were no further interventions on this issue.

In its final session, SBSTA adopted conclusions, taking note of the report and progress made in national communications of Annex I Parties, urging Parties to submit their national communications on time, and encouraging those that have not yet nominated experts to do so.

ACTIVITIES IMPLEMENTED JOINTLY

On activities implemented jointly (AIJ) under the pilot phase, the Secretariat introduced the following documents: the Uniform Reporting Format (URF)(FCCC/SBSTA/1996/15); an update on AIJ (FCCC/SBSTA/1996/17); and methodological issues on AIJ projects (FCCC/SBSTA/1996/19).

The US, JAPAN and AUSTRALIA strongly supported AIJ. MAURITIUS, on behalf of the African Group, BELIZE and CHILE supported AIJ as a supplement to the FCCC. The PHILIPPINES noted misconceptions on AIJ and CHINA, MALAYSIA and INDIA noted the “blurring” of AIJ and JI. MALAYSIA, BELIZE, the PHILIPPINES, UGANDA, INDIA and CHILE opposed AIJ as a means of or conditionality for technology transfer or other bilateral assistance. INDIA requested a Secretariat report on the status of technology transfer.

The G-77/CHINA, supported by MAURITIUS, IRAN, ZIMBABWE, the RUSSIAN FEDERATION, MOROCCO and the PHILIPPINES, called for AIJ to be consistent with national development plans and priorities, particularly in the development of a common reporting framework. ZIMBABWE emphasized the voluntary nature of AIJ. MOROCCO and ARGENTINA stressed the need for project approval by both partner governments. UGANDA underscored the good will of the business community and public awareness on climate issues.

UNIFORM REPORTING FORMAT: Modifications to language in the Secretariat’s document on URF were requested. VENEZUELA highlighted: calculation of costs and benefits to the host country’s economy; comparison of effects on each partner country; and evaluation of AIJ’s potential to reduce emissions cost-effectively. CANADA highlighted non-environmental benefits and opposed the inclusion of confidential details in the tables. He suggested the use of narrative text in reports. CHINA, supported by the US, called for language rejecting credits for AIJ emissions reductions during the pilot phase. JAPAN proposed language on

project implementation status and the provision of information from the sub-national level. The INTERNATIONAL ENERGY AGENCY called for the inclusion of data on technology used in AIJ projects in the URF.

AUSTRALIA, MICRONESIA and ARGENTINA differentiated projects under development from those being implemented. The EU and COSTA RICA favored approved third-party reviews and requested preparation of a workplan for AIJ reporting tasks. The US, COSTA RICA and MICRONESIA called for an electronic template for reporting, clear rules for participation and a schedule for submissions. In the discussions on the update, MALAYSIA warned against conversion of bilateral projects into AIJ projects and ZIMBABWE drew attention to two AIJ projects in his country and a future national workshop.

METHODOLOGICAL ISSUES: Some developing countries criticized the implicit assumption of benefits from AIJ in the Secretariat’s document. Supported by MAURITIUS, CHINA, IRAN, MALAYSIA, MOROCCO and ARGENTINA, the G-77/CHINA called for deletion of references to modalities for crediting. The US felt that the pilot phase should assess all issues of AIJ, including credits. AUSTRALIA proposed criteria for AIJ including crediting, cost-effectiveness of projects and additionality.

The PHILIPPINES, UGANDA, INDIA, SWITZERLAND, MAURITIUS and the EU highlighted AIJ additionality to Annex II countries’ commitments. The G-77/CHINA stressed inclusion of financial additionality among methodological issues. The EU also underscored environmental additionality and monitoring and verification procedures. MAURITIUS, supported by MOROCCO and ZIMBABWE, welcomed AIJ contributions to capacity building in developing countries, if they adhere to national objectives, and asked the Secretariat to facilitate the initiation of AIJ projects to African countries. SWITZERLAND also called for identifying and meeting host countries’ needs.

INDIA noted the need to take financial considerations into account in discussing methodologies. CANADA stressed minimization of transaction costs. ANTIGUA AND BARBUDA called for methodologies to address adaptation issues. MICRONESIA called for methodologies to help countries determine emission reduction projections and supported SWITZERLAND’s request that the Secretariat develop a directory related to AIJ work.

CONCLUSIONS: During the SBSTA’s last session on Wednesday, 18 December, delegates discussed how to recognize agreements reached in a contact group on elements of the URF, while leaving open the possibility for further discussion of other elements and on methodologies. A draft conclusion on continuing this work was proposed. The conclusions, as amended, ask for a revision of the URF reflecting “sections that were agreed in the contact group” and leaving unchanged sections that could not be addressed. It invites Parties to submit views on the unresolved issues. AUSTRALIA and the US proposed language on convening a contact group during SBSTA-5 to further this work. ZIMBABWE proposed specifying the voluntary nature of AIJ, and CHINA proposed making specific reference to reports from Parties “participating in the pilot phase of AIJ.” The conclusions, as amended, were adopted.

DEVELOPMENT AND TRANSFER OF TECHNOLOGY

On Agenda Item 7, Development and transfer of technologies, the Secretariat presented an oral report highlighting identification of technology needs and various activities underway. He noted document FCCC/SBSTA/1997/MISC.1 on this topic, which will be presented at SBSTA-5, and document FCCC/SBSTA/1996/CRP.2, listing nominations for a roster of experts. SAUDI ARABIA

requested a written version of the Secretariat's oral report, which the Secretariat agreed to provide.

The G-77/CHINA, supported by INDIA and CHINA, stressed the importance of this topic for all countries, and expressed deep concern over the continuing lack of progress and the fact that most technology transfer is being undertaken within the AIJ framework. The Secretariat noted that work on this takes place in cooperation with other bodies. He noted work on addressing technology transfer in communications from Annex I Parties.

INDIA, supported by CHINA, noted that there were no experts nominated from some countries. CHINA noted that groups preparing documents on technology transfer should note that technology transfer refers to environmentally sound technologies, as defined in Agenda 21; full systems of technologies and know-how, which fall within national priorities. He reminded Parties to include information on what they have done on technology transfer in their national communications and called for a Secretariat compilation of this information from Annex II Parties in order to facilitate COP decisions. The adopted conclusions call for an intensification of Secretariat work on these issues, but note that only one country has submitted initial information on technology needs in request to a COP-2 decision and, therefore, extends the deadline.

FINAL SESSION

A framework for the report of SBSTA-4 was adopted at the final meeting on 18 December 1996 at 9:30 p.m. It will be completed at a later stage. On Agenda Item 2, the election of officers, the Chair reported on Monday morning that an agreement had been reached as a result of informal consultations. Some delegations expressed concern over the agreement and the Chair postponed the announcement about the election. Later that day, he announced that the election would be postponed until SBSTA-5 due to difficulties in reaching balanced regional representation.

SUBSIDIARY BODY FOR IMPLEMENTATION

The fourth session of SBI (SBI-4) was convened from 10-11 December 1996. Delegates considered Agenda Item 3(a), the only item on the SBI's agenda, concerning the Annex to the Memorandum of Understanding (MOU) between the Conference of the Parties (COP) and the Council of the Global Environment Facility (GEF). The MOU was approved at SBI-2 and included a provision for an annex on the determination of funding necessary and available for the implementation of the Convention. The secretariat drafted a proposal for the MOU and the annex, which was adopted by the GEF Council prior to COP-2 (FCCC/CP/1996/9).

At COP-2, SBI-3 considered the annex adopted by the GEF (GEF-adopted annex), as well as an alternative annex proposed by the G-77/China (FCCC/SBI/1996/L.4), but failed to reach agreement. COP-2, in decision 13/CP.2, requested SBI-4 to consider the GEF-adopted annex and the G-77/China's proposed annex. At the opening of SBI-4, the G-77/China submitted a revised draft proposal. Delegates also had before them written comments submitted by Gambia, the EU and the US (FCCC/SBI/1966/Misc.1).

The GEF-adopted annex recalls Article 11.3(d) of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amounts of funding necessary and available for implementation. It notes that in anticipation of a replenishment of the GEF, the COP will make an assessment of the amount of funds necessary to assist developing countries in fulfilling their commitments, taking into account: the information communicated to the COP under Article 12

(communication of information); national programmes formulated under Article 4.1(b) of the Convention; and information communicated to the COP from the GEF on the number of eligible programmes and projects, the number that were approved and the number that were turned down owing to a lack of resources.

The G-77/China proposal, in addition to recalling Article 11.3(d), also recalls Article 4.7, which notes that developing country implementation depends upon the fulfillment of developed country commitments regarding financial resources, and Article 4.8, which refers to meeting the needs of developing countries arising from the impacts of climate change. It also recommends taking into account the funds necessary to meet: the full agreed costs incurred in preparing developing countries' national communications under Article 12.1, based on the guidelines adopted at COP-2; the full incremental costs of measures covered by Article 4.1; and the costs of adaptation to the adverse effects of climate change. The proposal also calls on the GEF to indicate the rationale by which the amount described as "new and additional" is regarded as such, vis-à-vis other sources of official development assistance.

SBI Chair Mohamed Ould El Ghaouth (Mauritania) stated that he favored an efficient short session, without reopening a formal debate. He called for an informal session to find solutions in less than two days so that extra time could be devoted to AGBM. He presented two options: delegates could work with the GEF-adopted annex and make changes based on the G-77/China proposal or draft a new proposal.

The PHILIPPINES noted that the G-77/China draft proposal would avoid inconsistency with the Convention. She said the GEF-adopted annex refers only to Article 4.1(b) (national programmes), which amounts to "picking and choosing" rather than including all sections of the Article. She noted other inconsistencies in the GEF-adopted annex in relation to Article 4.3 on full incremental costs and new and additional resources. She said the G-77/China proposal responds to the needs of developing countries and noted that the GEF must act in conformity with the FCCC. ARGENTINA, INDIA, IRAN and KUWAIT supported the G-77/China proposal.

Several Parties expressed confusion regarding the G-77/China proposal and requested clarification. The PHILIPPINES described the proposal's provisions in detail and highlighted the importance of funding the agreed full costs for national communications and agreed full incremental costs for all commitments under Article 4.1. INDIA said the proposal recalled more articles of the Convention than the GEF-adopted annex. It also clarifies the factors that determine when funds should be given, incorporates the idea that the COP, rather than the GEF, shall determine the funding required, and calls for more transparency regarding the reasons for project rejection.

The RUSSIAN FEDERATION noted that the G-77/China proposal did not accurately reflect the language of the Convention. She said the proposed language on adaptation refers to all developing countries while the Convention refers only to those that are "particularly vulnerable." CANADA and ITALY also raised questions on the Convention language used in the proposal. SWEDEN reminded delegates that decisions on guidance to the GEF clearly state that national communications will be financed.

JAPAN said that many delegations present at this meeting were also present at the negotiations for the GEF-adopted annex and the text should not be reopened. He also noted that the roles of the COP and the GEF were spelled out in the MOU and there was no need to reproduce paragraphs from the Convention. The US supported retaining the specific reference to national programmes because it provided a context for projects. Past GEF projects have been approved on an *ad hoc* basis but a coherent approach is

emerging. COSTA RICA offered to chair a contact group on the issue.

On Wednesday, 11 December, Amb. Manuel Dengo (Costa Rica) presented the contact group's draft decision and draft annex. In the draft decision, the SBI adopts the annex, which is derived from the GEF-adopted annex, and transmits it to the GEF Council for expeditious approval so that SBI-5 can recommend its adoption by COP-3.

The draft annex notes that the COP will make an assessment of the amount of funds necessary to assist developing countries, taking into account the funds necessary for both the agreed full costs incurred in preparing national communications and the information communicated to the COP under Article 12 of the Convention. The draft annex states that consideration must also be given to the funds necessary for meeting the agreed full incremental costs of implementing measures covered by Article 4.1, but with a footnote that specifically mentions national plans or programmes. It also notes that the GEF replenishment negotiations will take into account "fully and comprehensively" the COP's assessment.

The US and the GEF stated that the GEF Council may not be able to approve the annex as quickly as anticipated and deleted the dates from the decision. The decision and annex were then adopted. The Chair noted that a number of informal appeals were made to regional groups at SBI-4 for flexibility regarding the issue of the SBI Bureau, but that the issue will be deferred until SBI-5.

AD HOC GROUP ON ARTICLE 13

Chair Patrick Széll (UNITED KINGDOM) opened the third session of the *Ad Hoc* Group on Article 13 (AG13-3) on Monday, 16 December, and recalled that AG13-1 decided to request Parties, non-Parties, intergovernmental and non-governmental organizations to make written submissions to a questionnaire relating to a multilateral consultative process (FCCC/AG13/1995/2, para.17). Delegates had before them the responses to the questionnaire (FCCC/AG13/1996/Misc.1 and Add.1, and Misc.2 and Add.1) and a synthesis of the responses prepared by the Secretariat (FCCC/AG13/1996/1).

The synthesis document notes responses from 19 Parties, one non-Party and 10 NGOs. The document provides a spectrum of views on the establishment of a multilateral consultative process (MCP) and identifies emerging areas of consensus. It outlines the responses to questions on: the definition and scope of the process; the relationship of Article 13 to Convention's institutions and processes; the legal and procedural considerations; and other issues.

The Chair noted that AG13 has completed one year of work and has focused on preparatory rather than substantive issues. He reported that AG13 has received authority from the COP to continue its work, but noted that the process is neither clear nor simple. The key question to be addressed over the next year will be the fundamental character of the regime. Széll noted the panel presentation held at AG13-2 and his conclusions, which are annexed to the report of AG13-2 (FCCC/AG13/1996/2). The Chair also reported the election of Victor Chub (Uzbekistan) as Vice-Chair and Andrej Kranjc (Slovenia) as Rapporteur. The Chair also distributed a paper containing elements of an MCP (elements paper), which addresses the possible characteristics, functions, institutional arrangements and procedures for an MCP.

CHARACTERISTICS: Under characteristics, the paper focuses on defining the following for a future MCP: nature (facilitative, cooperative, transparent); objective (find solutions, non-confrontational, non-compliance, preventive); expertise (legal, economic); application (optional, compulsory); and evolution (static, dynamic, flexible).

In the discussion that followed, many delegates emphasized that their comments were preliminary in nature. Several delegations stressed that the work of AG13 must be based on the language of Article 13 and noted that the open nature of the Article allows Parties to define its structure. Delegations also noted that the MCP should be non-binding, non-adversarial and non-judicial. Delegates urged for an MCP that is cooperative, transparent, practical and timely. Many also noted the need to coordinate with the SBI and cautioned against duplicating the work of the SBSTA. CANADA and JAPAN noted that it must be flexible and evolve over time. The EU, the RUSSIAN FEDERATION, CANADA and AUSTRIA highlighted an MCP's potential to prevent disputes.

Differing positions emerged on other aspects of an MCP. The EU suggested a new standing body that would consider implementation questions, although decision-making power should remain with the COP. SWITZERLAND called for a permanent body with approximately 10 members that are appointed by the COP. CHINA stated there was no need to establish a new body. The EU drew comparisons to the non-compliance procedures under the Montreal Protocol, while the RUSSIAN FEDERATION characterized the non-compliance procedures as "extremely complicated."

COSTA RICA, on behalf of the G-77/CHINA, said that review mechanisms of the SBI and the SBSTA should be used in the AG13 process. CHINA noted that an MCP should be invoked only by Parties, involve discussions between Parties and should not "pass judgment" on implementation efforts. CANADA said an MCP could involve a representative group of Parties with expert input, if needed. The RUSSIAN FEDERATION suggested that an MCP could be a special *ad hoc* group of experts on legal and economic questions. JAPAN noted that the process should only involve a limited number of Parties, otherwise the SBI should be involved.

On Tuesday, 17 December, delegates provided additional statements on characteristics. CANADA said that Parties should be free to raise their own implementation issues. She said that referring to the performance of other Parties presents difficulties. The PHILIPPINES cautioned against derogating the balance within the Convention and said an MCP should be a consultative process and nothing else. She said addressing compliance is by its nature confrontational. CHINA reiterated that it was not urgent to establish an MCP.

Regarding an MCP's area of expertise, MOROCCO said that legal, economic, social and technical issues should be addressed. SWITZERLAND said technical and scientific issues could be addressed unless it would duplicate other bodies' work. The US and CANADA suggested drawing from a roster of experts for consultation. Most countries agreed that the application of an MCP should be optional rather than compulsory, and stressed flexibility to accommodate future needs. The EU noted that some elements regarding the characteristics of an MCP need further consideration before it can be finalized. She offered to draft a paper on points of convergence that have already emerged. CHINA and KUWAIT said it is premature to draw conclusions.

FUNCTIONS: AG13 then considered an MCP's functions. The Chair's list of elements on functions addresses ways to define the "questions regarding implementation." It contains sub-items on: the advisory or supervisory role of an MCP (cooperation and support, noncompliance); the specific or general nature of the issues to be addressed (country performance, interpretation); the areas of competence (communications, obligations, issues); and the relationship to other Convention bodies, processes and articles.

Parties presented different views regarding an advisory or supervisory approach. Some called for a supportive and assisting function, whereas others supported a review process on the

performance of individual Parties. The EU stated that an MCP is needed to solve the performance problems of individual Parties. In no case would COP decision-making authority be reduced. AUSTRIA noted that if an MCP advises Parties on solving problems then questions of individual performance must be part of the procedure. Many countries, including CANADA, VENEZUELA, AUSTRALIA, IRAN and SLOVENIA, supported an advisory approach. MOROCCO said an MCP could play both an advisory and a supervisory role. CHINA said an MCP must provide recommendations and be non-supervisory and non-judgmental. The US noted that Article 8.2(c) empowers the Secretariat to provide support to Parties and urged delegates to keep an open mind. The NETHERLANDS suggested that an MCP should function as a "help desk" where a Party with a problem can seek advice.

On the nature of issues to be addressed, the US expressed concern on having an MCP interpret the Convention and noted that this issue needs careful consideration. CANADA noted that only Article 14 refers to interpretation and issues might be referred to an MCP via Article 13. VENEZUELA said that interpretation should be left to the COP. FRANCE responded that the possible role in interpretation should not be excluded. AUSTRALIA said an MCP could play a role in interpreting or clarifying obligations through practical assistance rather than judicial-style interpretation. CHINA stated that many differences of opinion are due to misinformation and an MCP could allow Parties to exchange views on interpretation.

On the relationship of an MCP to other bodies, processes and articles, many delegates cautioned against duplicating the work of the SBI. MOROCCO said an MCP should adopt recommendations and report to the COP independently of the SBSTA and the SBI. KUWAIT noted the importance of identifying the areas of concern for an MCP and said that many of the issues presented here fall under existing bodies. On the relationship between Articles 13 and 14, JAPAN, VENEZUELA, MOROCCO and SLOVENIA noted that Articles 13 and 14 are clearly different. CHILE noted that Article 14 requires Parties to settle disputes through negotiation or "any other peaceful means" and an MCP could provide this type of advisory service.

INSTITUTIONAL ARRANGEMENTS: On institutional arrangements, the Chair's elements paper addresses a future MCP's: establishment (new institution, existing body); nature (*ad hoc*, standing); size (open-ended, limited in size, geographical representation); and constitution (government representatives, experts, roster). It also proposes that delegates consider a combination of all the elements contained in the paper. Delegates commented on the institutional arrangements and several reiterated that their remarks were only preliminary.

Many delegates proposed the establishment of some type of body, with a number preferring a standing body or committee, with membership on a rotational basis, to provide a sense of reliability. CANADA, ITALY, the EU, ZIMBABWE, SLOVENIA, the PHILIPPINES and CHILE supported a standing committee. Others envisioned an *ad hoc* group formed to address issues on an "as needed" basis. The RUSSIAN FEDERATION favored an *ad hoc* group of experts to expedite work on SBI documents. JAPAN preferred an *ad hoc* group to address issues as identified by the SBI. The NETHERLANDS cautioned that associating the committee too closely with the SBI would hamper its freedom of movement. KUWAIT stated that the creation of another institution would be burdensome and noted that any group formed should be linked to the SBI. The INTERNATIONAL INSTITUTE FOR APPLIED SYSTEMS ANALYSIS (IIASA) noted that delegates can have both a committee and an *ad hoc* group, and provided examples of this approach from the Montreal Protocol and the International Labor Organization.

Equitable geographic distribution was a frequently mentioned consideration, although a number of delegations noted it would be difficult to achieve. CANADA, the EU, ZIMBABWE, ITALY, MOROCCO, the PHILIPPINES and CHILE called for equitable geographic representation. The PHILIPPINES and CHINA proposed forming an open-ended group, but cautioned that limiting the size could also limit equitable geographical distribution. The US urged delegates to consider criteria other than equitable geographic distribution. He suggested using existing categories such as Annex I countries, countries with economies in transition, developing countries and least developed countries. He also suggested rotating seats; representation for the Party requesting assistance; and *ex officio* seats for Chairs of other subsidiary bodies. JAPAN supported using other criteria and the NETHERLANDS supported further consideration of *ex officio* representation for SBI and SBSTA.

Many Parties preferred using government representatives or government-appointed experts. Some also called for a roster from which to select experts depending on the nature of the problem. Some delegates proposed a combination of these elements. The EU suggested including members from various fields, such as legal, economic, social, technical, environmental, scientific and technological. ZIMBABWE stated that individual Parties should decide whether committee members are delegates, national NGOs or others. CHINA preferred governmental officials who are experts on Article 13. ITALY proposed ensuring stability through the election of a president and a vice-president, and appointing members on the principle of rotation, with two-year memberships. KUWAIT suggested drawing experts from the SBSTA and the IPCC.

PROCEDURES: On procedures, the Chair's elements paper addresses: establishment of the process (COP decision, amendment, protocol); the governing body for the process (COP, SBI, other); the procedure for raising issues (Parties, SBI, COP, Secretariat); the result of the process (recommendations to SBI or the COP); and the frequency of deliberations.

A majority of delegations stated that a COP decision was the most appropriate action for establishing the process. On a governing body, most delegates stated that the COP would act as final arbiter, while many stated that the SBI could serve as a useful intermediary. A number of delegations noted that the ability to raise issues should be limited to Parties. KUWAIT, IRAN and INDIA said that issues taken up should be restricted to those submitted by Parties and subsidiary bodies. Delegates agreed that an MCP should produce recommendations, but expressed different views on whether to forward the recommendations to the SBI or directly to the COP.

CONCLUSIONS: On Wednesday, 18 December, the Chair presented his draft conclusions and a revised elements paper. Delegates also considered an EU-proposed draft report on points of convergence on the characteristics of an MCP and the draft report of the meeting. The Chair reminded delegates to regard this meeting and the February 1997 meeting as two parts of a single whole. This meeting was only intended to take stock, but the February meeting will not have the luxury of being so "loosely woven."

The Chair's draft conclusions state that AG13-3: reiterates that the work of the group is conducted within the framework set by Article 13; notes that the elements, which will be listed in an annex to the report of the meeting, are recorded without prejudice to any decision on the establishment of an MCP; invites Parties to submit any further proposals; and requests the Secretariat to issue any proposals received by 15 February 1997.

On the revised elements paper, the US suggested that an additional objective for an MCP is to "provide assistance to

Parties" and to include scientific and technological issues as an area of expertise. The RUSSIAN FEDERATION proposed specifically addressing the "mandate" of an MCP at future meetings. IRAN proposed amending "geographical representation" to "equitable" geographical representation. CANADA, supported by the RUSSIAN FEDERATION, proposed deleting a "protocol" as a possible way of establishing an MCP. The elements paper was adopted as amended.

The EU's proposed report on points of convergence states that a "high degree of some convergence" was recorded with regard to characteristics, such as: the nature should be facilitative, co-operative, non-confrontational, transparent and non-judicial; the objective should be to assist Parties in questions of implementing the Convention, solve problems and prevent potential disputes; the evolution of the process should be flexible; duplication of existing institutions and procedures should be avoided in designing the procedure; the process should be separate and without prejudice to Article 14; and the MCP should be advisory in nature. The proposed report further notes that many Parties stated further elaboration of the MCP would imply dealing with interpretation matters and that caution would be needed in this area.

CHINA, the PHILIPPINES, IRAN, JAPAN, THAILAND, CHILE, the RUSSIAN FEDERATION, GAMBIA, KUWAIT and MOROCCO said it would be premature to make conclusions on areas of convergence because the process is still evolving and contributions have been preliminary. The EU withdrew its informal proposal.

Delegates then considered the draft report of the meeting (FCCC/AG13/1996/L.1). The US, referring to the summary of the Chair's opening statement, recalled that the Chair had noted the "potential" link between the work of the AG13 and the AGBM. He also proposed deleting a reference to the process "to be established" because delegates have not agreed that a process should be established. The report was adopted, as amended.

THINGS TO LOOK FOR BEFORE COP-3

CLIMATE CHANGE

FRAMEWORK CONVENTION ON CLIMATE CHANGE:

The next meetings of the subsidiary bodies to the FCCC are scheduled for 24 February - 7 March 1997. SBSTA-5, SBI-4 and AG13-4 will be held 25-28 February and AGBM-6 will be held 3-7 March. The subsidiary bodies will meet again from 28 July - 7 August 1997 and from 20-31 October 1997. All of these meetings will take place in Bonn. COP-3 is scheduled to take place in Kyoto, Japan, from 1-12 December 1997. For information contact the FCCC Secretariat in Bonn, Germany, tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.de. Also try the Secretariats' home page at <http://www.unfccc.de> and UNEP's Information Unit for Conventions at <http://www.unep.ch/iuc.html>.

INTERNATIONAL WORKSHOP ON THE

PREPARATION OF CLIMATE CHANGE ACTION PLANS:

This workshop, co-sponsored by the Indonesian Ministry of the Environment and the US Country Studies Program, is scheduled for January 1997. The workshop will provide a forum for countries to share their experiences and preliminary results from their planning activities, as well as training and technical assistance to countries on the preparation of climate change action plans. Participation is open to all countries. For information contact: Sandy Guill, USCSP, P.O. Box 63, 1000 Independence Avenue, SW, Washington, DC 20585, USA, tel: +1-202-426-1464; fax: +1-202-426-1540 or 1551; e-mail: sguill@igc.apc.org.

CONFERENCE ON AIJ FROM THE PERSPECTIVE OF DEVELOPING COUNTRIES:

At the initiative of the Netherlands, Development Alternatives is organizing a Conference on AIJ from the perspective of developing countries from 8-10 January 1997 in New Delhi, India. The objectives of the Conference are: to evaluate activities that are planned to be implemented jointly by Annex I and non-Annex I Parties; to assess learning experiences from current and proposed projects; to promote the role of the private sector and NGOs in AIJ; and to contribute to formulating a methodology to design a pilot phase AIJ project and develop indicators to measure local and global benefits. For more information contact: K. Chatterjee, Conference Coordinator, Development Alternatives, B-32 Qutab Institutional Area, Hauz Khaz, New Delhi 110016, India, tel: +91 11 66 5370 or +91 11 65 7938; fax: +91 11 68 66031; e-mail: tara@sdalt.ernet.in.

WORKSHOPS ON THE SADC POWER POOL AND CO₂ ABATEMENT OPPORTUNITIES FOR ZIMBABWE:

These workshops, scheduled for the second and fourth quarters of 1997, will be held in Harare, Zimbabwe, and are sponsored by the German Agency for Technical Cooperation (GTZ). The workshops will focus on the creation of a common project output base and provide a forum for exchange between policy makers and technical resource persons. For more information, contact Holger Liptow, Energy Division, GTZ; tel: +49-6196-79-3282; fax: +49-6169-79-7144; e-mail: gtz-co2@geod.geonet.de.

CC:TRAIN TRAINING WORKSHOPS: The CC:TRAIN programme intends to conduct a series of training workshops during the first and second quarter of 1997. The workshops will focus on vulnerability and adaptation assessment; mitigation analysis; national GHG emissions inventories and national implementation strategies. For information contact Stephen Gold, Technical Coordinator, CC:TRAIN; tel: (+41 22) 789-5850; fax: (+41 22) 733-1383; e-mail: sgold.unitar@unep.ch.

COMMISSION ON SUSTAINABLE DEVELOPMENT

CSD: The CSD Intersessional Working Group, which will address preparations for the upcoming Special Session of the UN General Assembly, is scheduled to meet from 24 February - 7 March 1997. The fifth session of the CSD is scheduled for 7-25 April 1997. The Special Session of the UN General Assembly for review of the implementation of Agenda 21 is scheduled for 23-27 June 1997. For information on the CSD contact: Andrey Vasilyev, UN Division for Sustainable Development, tel: +1-212-963-5949; fax: +1-212-963-4260; e-mail: vasilyev@un.org. Also try the UN Department for Policy Coordination and Sustainable Development's (DPCSD) Home Page at <http://www.un.org/DPCSD>.

FOURTH SESSION OF THE INTERGOVERNMENTAL

PANEL ON FORESTS: IPF-4 will be held in New York from 11-21 February 1997. For more information contact: Elizabeth Barsk-Rundquist, tel: +1-212 963-3263; fax: +1-212-963-1795; e-mail: barsk-rundquist@un.org. Also try the UN Department for Policy Coordination and Sustainable Development (DPCSD) Home Page at <http://www.un.org/DPCSD>.

GLOBAL ENVIRONMENT FACILITY

GEF COUNCIL: The proposed schedule of GEF Council Meetings in 1997 includes: 18-19 May, NGO Consultation; 20-22 May, GEF Council Meeting; 2-3 November, NGO Consultation; and 4-6 November, GEF Council Meeting. For more information contact Marie Morgan at the GEF Secretariat, tel: +1-202-473-1128; fax: +1-202-522-3240. Also try the GEF web site at: <http://www.worldbank.org/html/gef>.