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UNCLAS SECTION 01 OF 09 GENEVA 005650

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E.O. 12958: N/A
TAGS: SENV, KSCA, AORC, UNEP
SUBJECT: CONFERENCE OF PARTIES (COP-2), FRAMEWORK CONVENTION ON
CLIMATE CHANGE, GENEVA, JULY 1996

1. THE INFORMATION CONTAINED IN THIS CABLE IS SENSITIVE BUT
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SUMMARY

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**REVIEW AUTHORITY:
Alan Flanigan, Senior
Reviewer**

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2. THE SECOND CONFERENCE OF THE PARTIES (COP-2) UNDER THE UN
FRAMEWORK CONVENTION ON CLIMATE CHANGE MET IN GENEVA FROM JULY
8-19, 1996. THE MAJOR HIGHLIGHT WAS A MINISTERIAL DECLARATION,
LARGELY SHAPED BY U.S. THINKING. IN A WELL-RECEIVED SPEECH,
HEAD OF DELEGATION GLOBAL AFFAIRS UNDER SECRETARY TIMOTHY WIRTH

OUTLINED U.S. CLIMATE CHANGE POLICY AND CALLED FOR "A REALISTIC, VERIFIABLE AND BINDING MEDIUM-TERM EMISSION TARGET." HE ALSO EMPHASIZED THE IMPORTANCE OF THE RECENT AUTHORITATIVE SCIENTIFIC CONCLUSIONS OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC), WHICH WERE ALSO ADDRESSED IN THE DECLARATION. THE FULL TEXT OF THE DECLARATION AND U.S. COMMENTS ON THE DECLARATION WILL BE TRANSMITTED SEPTEL.

3. IN ADDITION TO TAKING NOTE OF THE MINISTERIAL DECLARATION, THE COP ACCOMPLISHED A NUMBER OF OTHER TASKS IN MOVING FORWARD IMPLEMENTATION OF THE CLIMATE CONVENTION AND THE INTERNATIONAL NEGOTIATIONS. THE COP APPROVED GUIDELINES FOR THE NATIONAL COMMUNICATIONS FOR NON-ANNEX I COUNTRIES, AGREED ON REVISIONS TO THE GUIDELINES FOR ANNEX I COMMUNICATIONS, AND CALLED FOR THE CONTINUATION OF THE PILOT PHASE OF ACTIVITIES IMPLEMENTED JOINTLY (AIJ), INVITING PARTIES TO CONTINUE TO REPORT TO THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA) ON PROGRESS MADE UNDER THE PILOT.

4. TWO IMPORTANT UNRESOLVED ISSUES ARE THE RULES OF PROCEDURE AND THE CONVENTION'S FUNDING MECHANISM. DESPITE HERCULEAN EFFORTS BY BOTH OUTGOING AND INCOMING COP PRESIDENTS, THE PARTIES COULD DO NO BETTER THAN TO AGREE TO CONTINUE TO "APPLY" THE DRAFT RULES OF PROCEDURE, WITH THE EXCEPTION OF ARTICLE 42 ON VOTING. THE PARTIES ALSO DID NOT REACH AGREEMENT ON THE MEMORANDUM OF UNDERSTANDING

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BETWEEN THE GLOBAL ENVIRONMENT FACILITY (GEF) AND THE COP AND DEFERRED FURTHER CONSIDERATION UNTIL THE NEXT MEETING OF THE SUBSIDIARY BODY FOR IMPLEMENTATION (SBI). WITHOUT THE DOCUMENT IN PLACE, THE WORK OF THE GEF TO FUND THE CONVENTION'S IMPLEMENTATION BY DEVELOPING COUNTRIES WOULD BE JEOPARDIZED. A MAJOR POINT OF CONTENTION WAS THE CONSIDERATION OF THE IPCC'S SECOND ASSESSMENT REPORT (SAR). AFTER MUCH BACK-AND-FORTH, AND AFTER THE COP "TOOK NOTE" OF THE MINISTERIAL DECLARATION, THE COP AGREED TO A RATHER BENIGN COMPROMISE DECISION, STATING ITS APPRECIATION FOR THE "COMPREHENSIVE AND AUTHORITATIVE" IPCC REPORT. THE COP ALSO OFFICIALLY ACCEPTED JAPAN'S OFFER TO HOST COP-3 TO BE HELD IN KYOTO FROM DECEMBER 1-12, 1997.

5. THE PROGRESS ON SUBSTANTIVE ISSUES AUGURS WELL FOR THE WORK OF THE NEGOTIATORS. THE USDEL, EXTREMELY PLEASED WITH THE OUTCOME OF THE SESSION, WILL NOW BEGIN TO MOVE FORWARD AGGRESSIVELY TO ADDRESS UNRESOLVED ISSUES ON NEXT STEPS. THE NEXT MEETING OF THE NEGOTIATORS IN DECEMBER 1996, IS ANTICIPATED TO CONTINUE DEFINING THE FORM OF THE AGREEMENT ON FURTHER GLOBAL ACTION TO MITIGATE CLIMATE CHANGE.

END SUMMARY

COP OVERVIEW

6. THE SECOND CONFERENCE OF THE PARTIES (COP-2) UNDER THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE MET IN GENEVA FROM JULY 8-19, 1996. THE COP PROVIDED AN OPPORTUNITY FOR THE TWO SUBSIDIARY BODIES UNDER THE CONVENTION AND THE TWO AD HOC UNCLASSIFIED

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GROUPS UNDER THE NEGOTIATIONS TO HOLD MEETINGS: THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA) AND THE SUBSIDIARY BODY FOR IMPLEMENTATION (SBI) HELD THEIR THIRD SESSIONS; THE AD HOC GROUP ON THE BERLIN MANDATE (AGBM) HELD ITS FOURTH; AND THE AD HOC GROUP ON ARTICLE 13 (AG13) MET FOR THE SECOND TIME. THE COP ALSO MET IN PLENARY SESSIONS. UNDER SECRETARY FOR GLOBAL AFFAIRS, TIMOTHY WIRTH, LED THE U.S. DELEGATION DURING THE JULY 17-18 MINISTERIAL PORTION WITH OES ASSISTANT SECRETARY, EILEEN CLAUSSEN, AS THE ALTERNATE HEAD. OES SPECIAL NEGOTIATOR AMBASSADOR MARK G. HAMBLEY WAS HEAD OF DELEGATION FOR THE OFFICIALS' PORTION. THE COMPLICATED NATURE OF THE COP, WITH AS MANY AS THREE OF THESE BODIES MEETING SIMULTANEOUSLY PLUS ANY NUMBER OF CONTACT GROUPS, NECESSITATED A WIDE BREADTH OF EXPERTISE. TO ENSURE ADEQUATE COVERAGE. REPRESENTATIVES FROM THE OFFICE OF MANAGEMENT AND BUDGET, THE DEPARTMENTS OF ENERGY, AGRICULTURE, COMMERCE, AND STATE, THE ENVIRONMENTAL PROTECTION AGENCY, AND THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT PARTICIPATED ON THE U.S. DELEGATION.

7. THE CONFERENCE OF THE PARTIES (COP) OFFICIALLY OPENED THE MORNING OF JULY 8 WITH THE TRANSFER OF THE COP PRESIDENCY FROM GERMAN ENVIRONMENT MINISTER ANGELA MERKEL TO ZIMBABWEAN MINISTER OF THE ENVIRONMENT AND TOURISM CHEN CHIMUTENGWENDE. SPEECHES TO THE OPENING PLENARY INCLUDED ONES FROM MERKEL, CHIMUTENGWENDE, UN UNDER SECRETARY NITIN DESAI, FCCC EXECUTIVE

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CLIMATE CHANGE, GENEVA, JULY 1996

SECRETARY MICHAEL ZAMMIT CUTAJAR; THE SECRETARY GENERAL OF THE
WMO (OBASI) AND UNEP EXECUTIVE DIRECTOR (DOWDESWELL); IPCC
CHAIR BOLIN, GEF SECRETARY GENERAL EL-ASHRY; AND IEA EXECUTIVE
DIRECTOR PRIDDLE. DOWDESWELL REMARKED THAT THE TIME HAS COME
TO SET MEANINGFUL TARGETS FOR EMISSIONS REDUCTIONS AND CALLED
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FOR A GLOBAL EMISSIONS CAP, WITH VOLUNTARY PARTICIPATION BY
DEVELOPING COUNTRIES. BOLIN STRESSED THE AUTHORITATIVE NATURE
OF THE RECENT IPCC REPORT AND ADDRESSED CRITICISMS OF IPCC
PROCEDURAL ACTIONS. GEF CHAIR EL-ASHRY CALLED ON THE COP TO

CONFIRM THE DEFINITIVE STATUS OF THE GEF. THE IEA'S PRIDDLE ENDORSED THE ANALYSIS/ASSESSMENT PHASE AND NOTED THAT THE FOLLOW-ON FRAMEWORK WILL HAVE TO BE "FLEXIBLE."

8. THE COP HELD SEVERAL NON-MINISTERIAL PLENARIES AND COVERED A WIDE-RANGE OF TOPICS, MOST OF WHICH ARE DESCRIBED ELSEWHERE UNDER SPECIFIC HEADINGS. MOST NOTABLY, RUSSIA DELAYED THE OPENING PROCEEDINGS THROUGH COMPLAINTS ABOUT THE LACK OF A FORMALLY APPROVED AGENDA AND THE NEED TO ADDRESS THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE'S (IPCC) SECOND ASSESSMENT REPORT AT THE COP; AN AGENDA WAS ADOPTED TO ALLAY THE HEAD OF DELEGATION'S CONCERNS. A SPECIAL PLENARY CONSIDERED PLANS TO REPORT TO THE SPECIAL UNGA SESSION ON PROGRESS SINCE THE RIO EARTH SUMMIT. THE PLENARY UNSUCCESSFULLY TRIED TO RESOLVE THE DEBATE OVER THE RULES OF PROCEDURE, ADDRESSED THE QUESTION OF OFFICERS FOR THE SUBSIDIARY BODIES, AND PROVIDED AN OPPORTUNITY FOR NGOS AND THREE COUNTRIES NOT PARTIES TO THE CONVENTION TO SPEAK. (NOTE: SOUTH AFRICA INDICATED THE DIFFICULTIES IT IS HAVING WITH RATIFICATION; IRAN STATED THAT IT HAS RATIFIED THE CONVENTION AND OUTLINED VIEWS ON THE SCIENCE SIMILAR TO THOSE HELD BY ITS OTHER OPEC PARTNERS; AND TURKEY INDICATED THAT, ALTHOUGH IT WOULD HAVE DIFFICULTY ENTERING THE CONVENTION AS AN ANNEX I PARTY, A RATIFICATION INSTRUMENT WAS BEFORE ITS PARLIAMENT FOR CONSIDERATION. END NOTE.)

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RULES OF PROCEDURE AND THE COP BUREAU

9. ON THE EVE OF COP-2 AT A SPECIAL DINNER, OUTGOING COP CHAIR, GERMAN ENVIRONMENT MINISTER MERKEL, MADE A LAST DITCH EFFORT TO RESOLVE THE OUTSTANDING CONUNDRUM OVER THE RULES OF PROCEDURE. HER EXHAUSTIVE CONSULTATIONS LED HER TO CONCLUDE THAT THERE WAS SENTIMENT IN FAVOR OF A DECISION TO ALLOW FOR A THREE-FOURTHS MAJORITY ON "ISSUES OF SUBSTANCE", WITH A "DOUBLE MAJORITY" ON ISSUES OF A FINANCIAL NATURE. THE U.S., CANADA, AND JAPAN ALL REMARKED THAT WHILE THEY PREFERRED "CONSENSUS" ON THE QUESTION OF VOTING RELATED TO FINANCIAL MATTERS, THEY WERE WILLING TO ACCEPT THE DOUBLE MAJORITY FORMULATION IN AN EFFORT TO BE FLEXIBLE. THE EU RESERVED ITS POSITION, INDICATING THAT WHILE IT WISHED TO SHOW FLEXIBILITY, IT NONETHELESS WANTED TO SUPPORT CONSENSUS ON THE FINANCIAL PROCEDURES. ECHOING WHAT LATER BECAME A GENERAL G-77 AND CHINA VIEW, SAUDI ARABIA, KUWAIT, VENEZUELA AND CHINA, ALL PRONOUNCED THEMSELVES OPPOSED TO THE DOUBLE MAJORITY FORMULATION.

10. WRANGLING OVER THE RULES OF PROCEDURE CONTINUED THROUGHOUT THE COP. THE NEAR-TERM DECISION WAS TAKEN TO MAINTAIN THE STATUS QUO OF APPLYING THE EXISTING RULES, WITH THE EXCEPTION OF ARTICLE 42 ON VOTING. THE LACK OF RESOLUTION ON THIS ISSUE HAD IMPLICATIONS FOR THE ELECTION OF THE NEW COP BUREAU. QUESTIONS AROSE OVER WHETHER EXISTING ARTICLE 22'S INCLUSION OF A SEAT ON THE BUREAU FOR THE ALLIANCE OF SMALL ISLAND STATES (AOSIS) WOULD BE ACCEPTABLE; THE OPEC BLOC STRONGLY OPPOSED THIS MOVE AND INSISTED THAT CANDIDATES SHOULD BE DRAWN FROM REGIONAL GROUPINGS, ALONE. THE CHAIR ARGUED THAT IF THE RULES WERE TO BE APPLIED ON A PROVISIONAL BASIS, THEN IT WAS ONLY

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LOGICAL THAT THE SAME PROCEDURE SHOULD BE USED IN THE SELECTION OF A BUREAU. THE U.S., JAPAN, AND SAMOA, TOOK THE FLOOR IN FAVOR OF THE CHAIR'S POSITION.

11. WHILE INITIALLY ONLY THE TWO HEADS OF THE SUBSIDIARY BODIES, MAHMOUD EL-GHAOUTH OF MAURITANIA FOR THE SBI AND TIBOR FARAGO OF HUNGARY FOR THE SBSTA, WERE ELECTED, COP PRESIDENT CHIMUTENGWENDE LATER TOOK MATTERS INTO HIS OWN HANDS, AND INDICATING HIS WISH TO HAVE OTHER BUREAU MEMBERS ELECTED BY ACCLAMATION, GAVELED IN THIS CONCLUSION. THE ASIAN GROUP SORTED OUT ITS PREFERENCE FOR OFFICERS (PHILIPPINES FOR RAPPORTEUR, KUWAIT AS VICE PRESIDENT) AND THE PRESIDENT MOLLIFIED SAUDI AND KUWAITI CONCERNS BY PROMISING TO CONTINUE TO CONSULT PARTIES ON ALL OUTSTANDING ISSUES RELATED TO THE RULES OF PROCEDURE.

IPCC ISSUES

12. IN ITS FIRST SESSION ON JULY 9, THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA) TOOK UP THE ISSUE OF HOW THE IPCC SECOND ASSESSMENT REPORT WOULD BE USED IN THE CONVENTION PROCESS. IPCC CHAIR DR. BOLIN MADE A FEW BRIEF REMARKS. HIS BOTTOM LINE WAS THAT IT IS UP TO THE SBSTA -- NOT

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THE IPCC -- TO MAKE RECOMMENDATIONS TO THE COP ON WHAT MEASURES
SHOULD BE TAKEN IN LIGHT OF THE SCIENCE. NOT UNEXPECTEDLY
CONTROVERSY EMERGED BETWEEN THE MAJORITY OF PARTIES AND A SMALL
GROUP CENTERED ON OPEC MEMBERS. UNEXPECTEDLY, HOWEVER, THE
RUSSIAN FEDERATION JOINED THE GROUP.

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13. IRELAND, ON BEHALF OF THE EU, THE U.S., AND AOSIS MADE STATEMENTS WHICH SUPPORTED THE SAR'S CONCLUSIONS AND CALLED ON THE COP TO ENDORSE THE SECOND ASSESSMENT REPORT AS THE MOST COMPREHENSIVE AND AUTHORITATIVE ASSESSMENT OF AVAILABLE SCIENTIFIC AND TECHNICAL INFORMATION RELATED TO CLIMATE CHANGE. COSTA RICA, SPEAKING ON BEHALF OF THE G-77 AND CHINA, NOTED THAT THE REPORT INDICATES THE NEGATIVE IMPACTS WHICH CLIMATE WILL HAVE ON DEVELOPING COUNTRIES -- EVEN IF ANNEX I MEETS THE CURRENT AIM UNDER THE CONVENTION.

14. THE MINORITY, OPPOSING POSITION FEATURED STATEMENTS FROM KUWAIT, SAUDI ARABIA, VENEZUELA, AND NIGERIA, EACH OF WHICH USED NARROW PROCEDURAL OBJECTIONS IN ATTEMPT TO BLOCK WHAT WAS OTHERWISE VERY BROAD CONSENSUS ON THE SCIENCE. KUWAIT CAUTIONED THE SBSTA NOT TO ATTEMPT TO INTRODUCE ANY LANGUAGE INTO THE FINAL REPORT WHICH DOES NOT CONTAIN THE NECESSARY "BALANCE." RUSSIA ALSO WEIGHED IN WITH ITS CONTINUED INSISTENCE THAT THE IPCC DETERMINE WHAT LEVELS OF HUMAN INTERFERENCE WITH THE CLIMATE SYSTEM COULD BE CONSIDERED DANGEROUS. ULTIMATELY, THIS INSISTENCE -- AND THE FACT THAT NO OTHER COUNTRIES SUPPORTED THIS VIEW -- LED TO RUSSIA'S UNWILLINGNESS TO BE ASSOCIATED WITH THE MINISTERIAL DECLARATION.

15. THE DEBATE SPILLED OUT OF THE SBSTA PLENARY INTO A CONTACT GROUP CREATED TO RESOLVE THE DIFFERENT VIEWS. IN THE FIRST SEVERAL SESSIONS, NO PROGRESS WAS MADE, DUE IN LARGE PART TO THE SIZE OF THE CONTACT GROUP AND THE OVER-REPRESENTATION OF MINORITY VIEWPOINTS. COMPROMISE APPEARED TO BE ELUSIVE, AND AT ONE POINT, THOSE INSISTING ON A "BALANCED" PRESENTATION OF THE SAR CONCLUSIONS PROPOSED THAT, SINCE IPCC CANNOT DETAIL WHAT IS
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"DANGEROUS," THEN THE SAR CANNOT BE USED TO SUPPORT ANY DECISION REGARDING CLIMATE CHANGE AT THE PRESENT TIME.

16. TWO QUITE DIFFERENT PARAGRAPHS WERE EVENTUALLY PROPOSED IN THE RECOMMENDATION TO THE COP -- ONE CALLING FOR THE REPORT TO BE USED AS BASIS FOR URGENT ACTION AND THE SECOND INDICATING THAT IT SHOULD BE TAKEN "INTO ACCOUNT" DURING IMPLEMENTATION OF THE CONVENTION, KEEPING IN MIND THE "UNCERTAINTIES AND LACK OF CERTAIN INFORMATION." AT THE SUGGESTION OF THE SBSTA CHAIRMAN, TIBOR FARAGO, AND AFTER THE MINISTERIAL DECLARATION WAS "NOTED" BY THE COP, BOTH PARAGRAPHS WERE DROPPED, WHILE THE CHAPEAU, WITH LANGUAGE CONSIDERING THE SAR "TO BE THE MOST COMPREHENSIVE AND AUTHORITATIVE ASSESSMENT NOW AVAILABLE OF THE SCIENTIFIC AND TECHNICAL INFORMATION REGARDING GLOBAL CLIMATE CHANGE" WAS RETAINED.

17. ON A MATTER RELATED TO THE IPCC, USDEL LEARNED THAT DESPITE THE WITHDRAWAL OF CANADA'S CANDIDATE FOR THE NEXT CHAIRMAN OF THE IPCC, THE SELECTION OF DR. ROBERT WATSON, FORMERLY WITH THE OFFICE OF SCIENCE AND TECHNOLOGY AND CURRENTLY A SENIOR ADVISOR AT THE WORLD BANK, MAY NOT BE AS CLEAR-CUT AS ANTICIPATED. WHILE THE U.S. GOVERNMENT HAS ENDORSED HIS CANDIDACY, THE ASIAN GROUP (INCLUDING CHINA AND INDIA, AMONG OTHERS) BELIEVE THAT A DEVELOPING COUNTRY REPRESENTATIVE SHOULD BECOME THE NEXT CHAIR OF THE IPCC, ALTHOUGH NO PROSPECTIVE CANDIDATES HAVE BEEN MENTIONED.

NATIONAL COMMUNICATIONS AND REPORTING ISSUES

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18. MUCH OF THE GROUNDWORK FOR THE EVENTUAL DECISION ON THE GUIDELINES FOR NON-ANNEX I COMMUNICATIONS WAS LAID AT AN INTERSESSIONAL MEETING IN PARIS JOINTLY CHAIRED BY THE U.S. AND MALAYSIA APPROXIMATELY THREE WEEKS BEFORE THE COP. FOLLOWING LIMITED CONSIDERATION OF THIS MATTER IN PLENARY, SBSTA CHAIR TIBOR FARAGO REQUESTED OES/EGC DIRECTOR DANIEL REIFSNYDER, ALONG WITH THE BRAZILIAN HEAD OF DELEGATION, DR. GYLVAN MEIRA FILHO, TO CONVENE A CONTACT GROUP TO RESOLVE DIFFERENCES OVER THE GUIDELINES. PROGRESS CAME SLOWLY, AS THE G-77 AND CHINA PRODUCED ANOTHER PAPER WHICH REQUIRED FURTHER REVIEW. ONE HINDRANCE TO THE PROCESS WAS THE ABSENCE OF MALAYSIAN CHIEF DELEGATE, MR. CHOW KOK KEE, WHO CO-CHAIRLED, AND WAS INSTRUMENTAL TO THE SUCCESSFUL OUTCOME OF THE JUNE PARIS WORKSHOP. AFTER EXTENSIVE CONSULTATIONS IN THE CONTACT GROUP, DIFFERENCES OVER THE SECTION ON HOW DEVELOPING COUNTRIES WOULD BE REQUIRED TO REPORT ON THEIR ACTIVITIES TO MITIGATE CLIMATE CHANGE WERE RESOLVED AND A RECOMMENDATION WAS FORWARDED TO THE COP. DIRECTING PARTIES TO USE GUIDELINES PROVIDED IN AN ANNEX TO THE DECISION, THE COP DECISION REQUESTS THE SECRETARIAT TO FACILITATE ASSISTANCE TO NON-ANNEX I PARTIES IN THE PREPARATION OF THEIR COMMUNICATIONS.

19. CONSIDERATION OF THE ANNEX I NATIONAL COMMUNICATION GUIDELINES WAS ALSO TAKEN UP IN BOTH SBSTA AND SBI. THE SBSTA FOCUSED ON THE TECHNICAL ASPECTS OF REVISING THE GUIDELINES FOR

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PREPARATION OF THE SECOND NATIONAL COMMUNICATIONS FOR ANNEX I
PARTIES, WHILE THE SBI EXAMINED THE EXTENT TO WHICH THEY HAD
MET THEIR EXISTING OBLIGATIONS. A SBSTA CONTACT GROUP WAS
FORMED TO DISCUSS TECHNICAL ISSUES RELATED TO REVISIONS TO THE
GUIDELINES. IT EVENTUALLY BROKE A LOG JAM ON KEY, REMAINING
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ISSUES SUCH AS FINANCIAL RESOURCES AND TECHNOLOGY TRANSFER AND KNOW-HOW, AND TREATMENT OF IMPORTED AND EXPORTED ELECTRICITY, AGREEING ON HOW BOTH SHOULD BE REPORTED. THE JOINT SBSTA/SBI RECOMMENDATION TO THE COP INCLUDED PROVISIONS FOR REVISED BASE YEARS FOR COUNTRIES WITH ECONOMIES IN TRANSITION, ACKNOWLEDGED THAT ANNEX I PARTIES HAD FULFILLED THEIR REPORTING COMMITMENTS UNDER THE CONVENTION, AND PROPOSED REVISED GUIDELINES TO BE USED FOR PARTIES' SECOND NATIONAL COMMUNICATIONS.

20. THE DISCUSSION ON NATIONAL COMMUNICATIONS FOR ANNEX I COUNTRIES IN SBI WAS INITIATED ON JULY 11. COSTA RICA, SPEAKING ON BEHALF OF THE G-77 AND CHINA, EMPHASIZED TWO CONCLUSIONS WHICH IT DREW FROM THE SYNTHESIS REPORT. FIRST, IT DEPLORED THE FAILURE OF MOST ANNEX I COUNTRIES TO MEET THEIR "COMMITMENTS." SECOND, IT UNDERScoreD THE FAILURE OF THESE COUNTRIES TO MEET THEIR FINANCIAL OBLIGATIONS AND THOSE RELATED TO TECHNOLOGY TRANSFER. SEVERAL G-77 COUNTRIES, PLUS CHINA, ECHOED THESE VIEWS.

21. THE U.S. OUTLINED BOTH THE POSITIVE AND NEGATIVE ASPECTS OF NATIONAL EFFORTS TO MEET THEIR OBJECTIVES. WITHOUT SPECIFYING PARTIES, WE QUESTIONED THE CIRCUMSTANCES LEADING TO THE LATE ARRIVAL OF SOME KEY REPORTS AND REQUESTED CLARIFICATION AS TO THE REASONS FOR THE DELAY. THE EU, CANADA AND AUSTRALIA ALSO INTERVENED, WITH THE LATTER CRITICIZING THE EU SHARPLY AND POINTING OUT THAT ITS REPORT, WHICH WAS DUE IN SEPTEMBER 1994, WAS ONLY RECEIVED A FEW DAYS BEFORE THE MEETING AND COMPLAINING THAT THE EU HAD DECLINED TO PROVIDE COPIES DESPITE BEING REQUESTED TO DO SO. AUSTRALIA NOTED THAT THE EU HAD BEEN ACCORDED SPECIAL STATUS BY BEING MADE AN ANNEX I PARTY. ACCORDINGLY, AUSTRALIA EXPRESSED CONCERN ABOUT THE IMPLICATIONS

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THIS TARDY RESPONSE WOULD HAVE FOR FUTURE SUBMISSIONS BY OTHERS. HOWEVER, ANNEX I PARTIES ALSO NOTED THAT NOTWITHSTANDING SOME TARDINESS, PARTIES HAD MADE SIGNIFICANT EFFORTS TO MEET THE LETTER OF THE FCCC OBLIGATIONS. IN THE U.S. STATEMENT, AS IN OTHERS, IT WAS NOTED THAT THESE OBLIGATIONS, BEING NON-BINDING, FELL SHORT OF MOVING PARTIES ADEQUATELY FORWARD IN ADDRESSING THE THREAT OF CLIMATE CHANGE.

ADMINISTRATIVE AND FINANCIAL ISSUES

22. THE SBI CONSIDERED FINANCIAL ISSUES RELATED TO THE

SECRETARIAT AND MORE IMPORTANTLY, THE RELATIONSHIP OF THE GLOBAL ENVIRONMENT FACILITY (GEF), THE CONVENTION'S PRINCIPAL FUNDING MECHANISM, TO THE COP. IN AN INFORMAL MEETING FOLLOWING THE OPENING COP PLENARY, TWO PRINCIPAL DECISIONS WERE TAKEN. FACED BY OPPOSITION FROM FRANCE, THE U.S., GERMANY (AND MANY OTHERS WHO DID NOT SPEAK TO THE ISSUE), THE CONTACT GROUP REJECTED A PROPOSAL PUT FORTH BY THE SECRETARIAT TO INCREASE THE CAPITAL RESERVE FUND FROM ITS CURRENT 8.3 PERCENT TO 15 PERCENT. THE G-77 AND CHINA SUPPORTED THE SECRETARIAT, BUT NOT VIGOROUSLY. IT WAS DECIDED TO RETAIN THE STATUS QUO AND TO REVIEW THE SITUATION AT COP-3. IN ADDITION, THE GROUP, WITH LATER ENDORSEMENT BY THE SBI AND THE COP, DECIDED TO ASK THE SECRETARIAT TO STUDY THE IMPLICATIONS OF AN APPEAL BY THE G-77 AND CHINA FOR THE ESTABLISHMENT OF A CONVENTION LIAISON OFFICE IN NEW YORK. IT WAS ALSO DECIDED TO ASK THE SECRETARIAT TO STUDY THE BUDGET IMPLICATIONS OF ESTABLISHING LIAISON "ANTENNAE" IN NEW YORK AND/OR GENEVA. THE SECRETARIAT WILL REPORT BACK AT THE NEXT SBI MEETING WHICH IS SCHEDULED FOR

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23. A MORE CONTENTIOUS ISSUE WAS THAT OF THE NEED FOR THE COP TO APPROVE THE MOU AND THE ATTENDANT ANNEX RELATED TO THE GEF. OVER 15 COUNTRIES SPOKE OUT AGAINST GEF PROCEDURES AND EXPRESSED MISGIVINGS OVER SOME OF THE CRITERIA REQUIRING AVOIDING DUPLICATION AND EMPHASIZING THE NEED FOR COST EFFECTIVENESS. THE U.S. INTERVENED ON TWO OCCASIONS TO SUPPORT THE INCLUSION OF BOTH CRITERIA AND TO URGE ADOPTION OF THE MOU AND THE ANNEX, WITHOUT REVISION TO PREVENT THE MATTER FROM HAVING TO BE REFERRED BACK TO THE GEF COUNCIL FOR APPROVAL. AFTER CONSIDERATION IN THE SBI PLENARY, ANOTHER CONTACT GROUP WAS FORMED. THE ANNEX WAS RETURNED BY THE G-77 AND CHINA WITH SO MANY CHANGES THAT THE DONOR COUNTRIES SIMPLY NOTED THAT IT WOULD HAVE TO BE RETURNED TO THE GEF COUNCIL WHERE (THE SAME COUNTRY REPRESENTATIVES) WOULD HAVE TO RECONSIDER THE MATTER; THE DONOR COUNTRIES INDICATED THIS WOULD DELAY THE ANNEX'S APPROVAL BY ABOUT ONE YEAR.

24. WHILE BY THE CLOSING DAYS OF THE COP-2 IT HAD BEEN PROVISIONALLY DECIDED TO SEND THE ANNEX BACK TO THE GEF FOR RECONSIDERATION, SBI CHAIR MAHMOUD EL-GHAOUTH (WHO SITS ON THE GEF COUNCIL) PREVAILED ON THE G-77 TO RECONSIDER ITS POSITION. HE RECOMMENDED THAT THE TOPIC BE DEFERRED UNTIL THE DECEMBER MEETING, NOTING THAT THE MOU ITSELF ALSO WOULD NEED TO BE

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RECONSIDERED AS ITS APPROVAL BECAME LINKED TO AGREEMENT ON THE
ANNEX. THE MEASURE PASSED WITHOUT OBJECTION ON JULY 19, WITH
ONLY A SHORT COMMENT FROM COSTA RICA, SPEAKING ON BEHALF OF THE
G-77/CHINA REITERATING ITS VIEW THAT THE COP MUST SET THE
PRIORITIES FOR THE GEF.

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ACTIVITIES IMPLEMENTED JOINTLY

25. PROGRESS CONTINUED ON THE SBSTA AGENDA ITEM ON ACTIVITIES IMPLEMENTED JOINTLY (AIJ). ALTHOUGH AIJ HAS ITS DETRACTORS (A RAPIDLY DWINDLING NUMBER WHO WERE LARGELY SILENT AT THIS SESSION), THE SBSTA FORWARDED A RECOMMENDED DECISION TO THE COP WHICH WAS ACCEPTED WITHOUT CHANGE. A NUMBER OF DEVELOPING COUNTRY PARTIES EMPHASIZED THAT AIJ CANNOT BE USED TO SATISFY ANNEX I PARTY COMMITMENTS TO REDUCE THEIR GREENHOUSE GAS EMISSIONS, AND THAT AIJ WAS VOLUNTARY FOR DEVELOPING COUNTRIES.

IN ITS INTERVENTION, THE U.S. COMPLIMENTED THE SECRETARIAT ON ITS FIRST ANNUAL REPORT ON AIJ, DRAWN FROM PARTY SUBMISSIONS ON PROGRESS, AND PROVIDED SUGGESTIONS FOR THE SBSTA'S FUTURE WORKPLAN, NAMELY A SERIES OF EXPERT WORKSHOPS TO EXPLORE METHODOLOGICAL ISSUES AND A FORUM TO BRING GOVERNMENT OFFICIALS WORKING ON AIJ TO SHARE EXPERIENCES. THE U.S. ALSO SUGGESTED THAT PARTIES ADOPT A UNIFIED REPORTING FORMAT TO FACILITATE THE COMPILATION AND SYNTHESIS OF INFORMATION ON AIJ.

26. IN ORDER TO RESOLVE THE FEW DIFFERENCES AMONG PARTIES, THE SBSTA CHAIR FORMED A CONTACT GROUP. CONCERNS ABOUT FUNDING SIDE-LINED THE PROPOSED SERIES OF WORKSHOPS AND THE FORUM; HOWEVER, THE PARTIES PARTICIPATING IN THE INFORMAL GROUP AGREED UPON A ROUNDTABLE TO BE HELD ON THE MARGINS OF THE NEXT SBSTA MEETING. THE COP DECISION CONTINUES THE PILOT PHASE OF AIJ IN AN OPEN-ENDED MANNER, INVITES PARTIES TO REPORT IN ACCORDANCE WITH THE INITIAL REPORTING FRAMEWORK, AND REQUESTS THE SECRETARIAT TO SUPPORT THE WORK ON ISSUES RELATED TO AIJ AS

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AGREED BY SBSTA AND SBI.

TECHNOLOGY TRANSFER

27. DEVELOPMENT AND TRANSFER OF TECHNOLOGY WAS A MAJOR ISSUE FOR DEVELOPING COUNTRIES AT COP-2, AND MORE SPECIFICALLY, IN THE SBI. THESE COUNTRIES REPEATEDLY STRESSED THAT ANNEX II PARTIES TO THE CONVENTION HAD NOT DONE ENOUGH TO MEET THEIR COMMITMENTS

WITH REGARD TO TECHNOLOGY TRANSFER. THEY ALSO EXPRESSED CONCERN THAT ANNEX I REPORTS TO THE SECRETARIAT ON THIS MATTER DID NOT CONTAIN THE INFORMATION NECESSARY TO ALLOW IT TO MAKE ANY CONCLUSIONS ON THE EXTENT AND TYPE OF TECHNOLOGY TRANSFER. SEVERAL DEVELOPING COUNTRIES ALSO EXPRESSED THE NEED FOR FURTHER IDENTIFICATION OF ADAPTATION TECHNOLOGIES, A WEAKNESS THAT WAS IDENTIFIED IN THE IPCC SECOND ASSESSMENT REPORT.

28. THE U.S. AGREED WITH THE NEED FOR BETTER REPORTING ON TECHNOLOGY TRANSFER AND JOINED WITH OTHER ANNEX I COUNTRIES IN STRESSING BOTH THE PRIMARY ROLE OF THE PRIVATE SECTOR, AND THE RESPONSIBILITY OF ALL COUNTRIES IN REMOVING BARRIERS TO TECHNOLOGY TRANSFER AND INVESTMENT. THE G-77 AND CHINA PRESENTED A DRAFT DECISION WHICH SERVED AS THE BASIS FOR FURTHER NEGOTIATIONS IN A SMALL CONTACT GROUP LED BY COSTA RICA. WITH THE ASSISTANCE OF OTHER DEVELOPED COUNTRIES, THE U.S. SUCCESSFULLY OPPOSED CERTAIN ASPECTS WHICH WERE NOT ACCEPTABLE PARTICULARLY THOSE FOCUSING ON PREFERENTIAL NON-COMMERCIAL TRANSFER OF TECHNOLOGY. THE EVENTUAL SBSTA/SBI RECOMMENDATION TO THE COP REFLECTED DEVELOPING COUNTRY CONCERNS IN CALLING FOR ENHANCED SECRETARIAT ACTIVITY IN THIS AREA AND
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THE DEVELOPMENT OF A LIST OF NOMINEES WITH "EXPERTISE IN ADAPTATION TECHNOLOGY AND THE TERMS OF TRANSFER OF TECHNOLOGY AND KNOW-HOW CONDUCIVE TO MITIGATING AND ADAPTING TO CLIMATE CHANGE" TO ADVISE THE SECRETARIAT.

TAPS AGAIN

29. SBSTA BRIEFLY CONSIDERED THE ESTABLISHMENT OF A "ROSTER OF EXPERTS" AND THE TECHNICAL ADVISORY PANELS (TAPS). AT THE FEBRUARY 1996, SBSTA MEETING, THE PARTIES AGREED TO DEFER THE FINAL STATUS OF THE TAPS UNTIL THIS MEETING AND TO EXPLORE THE CONCEPT OF CREATING A ROSTER OF EXPERTS. SEVERAL PARTIES, INCLUDING COSTA RICA ON BEHALF OF THE G-77 AND CHINA, AND IRELAND ON BEHALF OF THE EU, SPOKE IN FAVOR OF THE CREATION OF A ROSTER OF EXPERTS TO BE AVAILABLE TO THE SECRETARIAT FOR CONSULTATIONS AND TO WORK ON METHODOLOGICAL AND TECHNOLOGICAL MATTERS. THE U.S. MADE THE FIRST INTERVENTION NOTING OUR RESERVATIONS ABOUT ESTABLISHING A ROSTER OF EXPERTS AT THE PRESENT TIME, ESPECIALLY IN ADVANCE OF DEVELOPING AND AGREEING ON A WORKPLAN. SBSTA CHAIR FARAGO TOOK UMBRAGE AT OUR STATEMENT, AND AT THE GENERAL INABILITY OF SBSTA TO COME TO ANY RESULT ON THE TAPS ISSUE, AND SO STATED IN PUBLIC. IT WAS DECIDED THAT CONSIDERATION OF THE GENERAL ISSUE OF TAPS

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(INCLUDING THE LATEST TWIST WITH REGARD TO ESTABLISHING A
ROSTER OF EXPERTS) WILL BE POSTPONED UNTIL THE NEXT SBSTA
MEETING. HOWEVER, A LIMITED APPLICATION OF A "ROSTER" WAS
ADVANCED UNDER THE TECHNOLOGY TRANSFER ITEM ON THE SBSTA AND
SBI AGENDAS. THIS MAY FORESTALL MUCH FURTHER WORK ON THE

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ROSTER ISSUE FOR SOME TIME.

AGBM ISSUES

30. UNLIKE THE EARLIER SESSIONS UNDER THE BERLIN MANDATE PROCESS, THE AD HOC GROUP ON THE BERLIN MANDATE (AGBM) TOOK A BACK SEAT TO THE FLURRY OF ACTIVITY IN THE SBSTA, SBI AND THE COP ITSELF. THE AGBM CONSIDERED THE FORM OF A PROTOCOL OR OTHER LEGAL INSTRUMENT, POLICIES AND MEASURES, QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES (QELROS), AND THE SIX MONTH RULE RE, THE QUESTION OF WHAT LEVEL OF AGREEMENT MUST BE REACHED ON THE LEGAL INSTRUMENT SIX MONTHS PRIOR TO ITS ADOPTION AT COP-3. WHILE THE UN LEGAL OFFICE HAD PREPARED AN OPINION ON THIS, NO RECOMMENDATION OR DECISIONS WERE TAKEN BY THE AGBM ON THIS MATTER. DISCUSSION OF ADVANCING COMMITMENTS UNDER ARTICLE 4.1 OF THE CONVENTION (SHORT-HAND FOR CONSIDERATION OF DEVELOPING COUNTRY PARTICIPATION IN NEXT STEPS) WAS POSTPONED UNTIL THE DECEMBER SESSION. THE AGBM ALSO DISCUSSED AN ITEM ON ITS AGENDA DEALING WITH "TAKING STOCK" OF THE NEGOTIATING PROCESS. THE CHAIR SUPPORTED AN EU PROPOSAL THAT GOVERNMENTS BE INVITED TO MAKE SUBMISSIONS ON THE KEY AGBM ISSUES (I.E, POLICIES AND MEASURES AND QELROS) TO THE SECRETARIAT. THE PARTIES TOOK THE PROPOSAL ON BOARD AND AGREED TO SUBMIT PAPERS BY OCTOBER 15, 1996, IN TIME FOR THE NEXT AGBM SESSION IN DECEMBER.

THE ROUNDTABLES

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31. MOST OF THE "ACTION" IN THE AGBM TOOK PLACE IN THE CONTEXT OF THREE INFORMAL ROUNDTABLES, COVERING A NUMBER OF THE MAJOR TOPICS: POLICIES AND MEASURES (PAM); QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES (QELROS); AND POSSIBLE IMPACTS ON DEVELOPING COUNTRY PARTIES OF THE NEW COMMITMENTS TO BE NEGOTIATED FOR ANNEX I PARTIES. THE ROUNDTABLE ON PAM

PROVIDED A FORUM FOR THE PANELISTS AND PARTICIPATING PARTIES TO SHARE THEIR DIFFERING POINTS OF VIEW. THE PANELIST FROM THE NETHERLANDS ARGUED PASSIONATELY HOW AND WHY HARMONIZED MEASURES WERE BOTH NECESSARY AND A GOOD THING, WHILE THE U.S. PANEL MEMBER (OES/EGC SCIENCE OFFICER JONATHAN PERSHING) EXPLAINED WHY HARMONIZED POLICIES AND MEASURES DO NOT WORK AND ARE NOT NECESSARY USING AN EFFECTIVE "FORK VERSUS CHOPSTICK" ANALOGY. COMMENTS FROM THE FLOOR SUGGESTED THAT THERE WAS NOT MUCH SUPPORT, BEYOND THE EU, FOR HARMONIZED PAM.

32. THE ROUNDTABLE ON QELROS ADDRESSED ISSUES SUCH AS THE APPROPRIATE LEVEL OF EMISSION LIMITATION AND REDUCTION, WHETHER THE QELROS SHOULD BE LEGALLY BINDING OR NOT, AND WHETHER COMMITMENTS SHOULD BE SINGLE-PARTY OR MULTI-PARTY OBLIGATIONS, OR A COMBINATION. ON THE QUESTION OF APPROPRIATE LEVEL OF REDUCTION, THE PANELISTS AGREED ON THE NEED FOR ANNEX I LIMITATION AND REDUCTION EFFORTS. HOWEVER, IT WAS HIGHLIGHTED THAT EVEN THE BEST EFFORTS OF ANNEX I PARTIES WOULD NOT LEAD TO A STABILIZATION OF GLOBAL EMISSIONS. THE DISCUSSION ACKNOWLEDGED THAT THE DETERMINATION OF EVENTUAL QELROS WOULD, WHILE INFORMED BY SCIENCE AND ECONOMICS, BE POLITICALLY-BASED. IN HIS CAPACITY AS VICE CHAIR OF THE AGBM, OES/EGC OFFICE DIRECTOR DANIEL REIFSNYDER LED THE SESSION.

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33. THE IMPACTS ROUNDTABLE INCLUDED PANELISTS FROM BOTH GOVERNMENTS AND THE NON-GOVERNMENT SECTOR. IT, TOO, WAS STRUCTURED AROUND KEY ISSUES, NAMELY THE POTENTIAL IMPACT ON DEVELOPING COUNTRIES OF POSSIBLE NEW COMMITMENTS FOR ANNEX I PARTIES; THE NEED TO EXAMINE THE ECONOMIC AND SOCIAL IMPACTS OF ACTION BY ANNEX I PARTIES VERSUS THE ECONOMIC, SOCIAL AND ENVIRONMENTAL COSTS OF INACTION; AND THE NEED TO LOOK FORWARD TO WHAT MUST BE DONE NEXT. THE ROUNDTABLE FEATURED SOME SURPRISINGLY FORTHCOMING COMMENTS BY THE PHILIPPINES AND BRAZIL ON THE NECESSITY FOR DEVELOPING COUNTRIES TO, AT ONE POINT, ADOPT MEASURES TO MITIGATE CLIMATE CHANGE UTILIZING THEIR OWN RESOURCES AND NOT MERELY RELY ON OUTSIDE AID.

34. WHILE THE AGBM'S ACTIONS DID NOT RESULT IN RECOMMENDED DECISIONS FOR THE COP, ITS TREATMENT OF THE KEY ISSUES IN A LESS FORMAL STRUCTURE ENABLED THE PARTIES TO GAIN A BETTER UNDERSTANDING OF THE DIFFERING VIEWPOINTS. AS THE PARTIES LOOK TO THEIR NEXT MEETING SCHEDULED FOR DECEMBER 9-13 IN GENEVA, THEY WILL NEED TO DIGEST THE INFORMATION QUICKLY, AS WE FULLY EXPECT THAT NEGOTIATIONS ON ACTUAL TEXT WILL BEGIN AT THAT TIME.

AG13 ISSUES

35. THE AD HOC GROUP ON ARTICLE 13 (AG13), FORMED TO CONSIDER A

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POSSIBLE MULTILATERAL CONSULTATIVE MECHANISM HELD ITS SECOND
SESSION DURING COP-2. THE MEETING PROVIDED AN OPPORTUNITY FOR
A PANEL OF EXPERTS TO SHARE THEIR EXPERIENCES WITH DIFFERENT
VARIATIONS ON CONSULTATIVE MECHANISMS IN VARIOUS FORA (E.G.,

THE WTO) AND CONVENTIONS (E.G., BASEL). OTHER DISCUSSANTS
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FOCUSED ON LESSONS LEARNED FROM OTHER CONSULTATIVE AND DISPUTE
SETTLEMENT PROCEDURES, THE ROLE OF NGOS, AND A REVIEW OF THE
RESPONSES SUBMITTED BY PARTIES AND NON-GOVERNMENT ORGANIZATIONS
TO THE AG13 QUESTIONNAIRE. SEVERAL OBSERVATIONS EMERGED
INCLUDING: THE NEED FOR JOINT PROBLEM SOLVING; THE NEED FOR
ASSISTANCE TO ENSURE COMPLIANCE; AND THAT THE SOVEREIGNTY OF
STATES MUST BE RECOGNIZED IN DESIGNING AN IMPLEMENTATION SCHEME
TO BUILD CONFIDENCE AND TRUST.

36. AG13 DECIDED TO DEFER THE ELECTION OF OFFICERS OTHER THAN
THE CHAIR (PATRICK SZELL OF THE UNITED KINGDOM) UNTIL THE
ALLOCATION OF SEATS IN OTHER GROUPS HAS BEEN DETERMINED. IT
ALSO AGREED TO A DRAFT DECISION FOR THE COP, STATING THAT THE
AGBM COULD SEEK ITS ADVICE AS IT DEEMED NECESSARY ON A
MULTILATERAL CONSULTATIVE PROCESS, AND THAT THE WORK OF THE
GROUP SHOULD CONTINUE PAST COP-2 AND A PROGRESS REPORT SHOULD
BE MADE TO COP-3. THE AG13 WILL RECONVENE IN GENEVA FROM
DECEMBER 16-18, 1996; OTHER MEETINGS MAY OCCUR IN LATE FEBRUARY
OR EARLY MARCH 1997.

MINISTERIAL PORTION

37. THE MINISTERIAL PORTION OF COP-2 PROVIDED THE EXPECTED DRAMA
AS GLOBAL AFFAIRS UNDER SECRETARY TIMOTHY WIRTH DETAILED U.S.
CLIMATE CHANGE POLICY. LEADING UP TO THE JULY 17-18 SESSION,
PREPARATIONS FOCUSED ON A POSSIBLE MINISTERIAL DECLARATION AND
THE MINISTERIAL ROUNDTABLE. TWO DRAFTS FOR A MINISTERIAL
DECLARATION, ONE FROM THE COP PRESIDENT AND ONE BY THE EU, WERE
CIRCULATED AT THE BEGINNING OF THE SECOND WEEK, AND PROVIDED
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THE BASIS FOR THE EVENTUAL STATEMENT. A NUMBER OF COUNTRIES,
INCLUDING THE U.S., SAUDI ARABIA, IRAN, KOREA, AND BANGLADESH,
INDICATED THEIR HOPE THAT THE ROUNDTABLE WOULD BE OPEN TO ALL
DELEGATION HEADS. THE U.S. ALSO CALLED FOR ARRANGEMENTS TO BE

MADE FOR OBSERVERS TO LISTEN TO THE PROCEEDINGS IN THE SPIRIT OF TRANSPARENCY WHICH HAS MARKED THE AD HOC GROUP ON THE BERLIN MANDATE'S DELIBERATIONS TO DATE. HOWEVER, THIS LATTER POINT WAS NOT ACCEPTED BY THE CHAIR AND THE ROUNDTABLE WAS VERY MUCH AN EXCLUSIVE AFFAIR.

38. THE MINISTERIAL SEGMENT OF THE CLIMATE CONVENTION'S SECOND CONFERENCE OF THE PARTIES FEATURED SPEECHES FROM MOST OF THE 150 PLUS PARTIES ASSEMBLED, THE MINISTERIAL ROUNDTABLE, AND LATE-NIGHT NEGOTIATIONS TO REACH AGREEMENT ON THE MINISTERIAL DECLARATION. THE U.S. SPOKE EIGHTH. IN HIS REMARKS, UNDER SECRETARY WIRTH RECOMMENDED THAT FUTURE NEGOTIATIONS FOCUS ON AN AGREEMENT THAT SETS A "REALISTIC, VERIFIABLE AND BINDING MEDIUM-TERM TARGET" WHICH MUST BE MET THROUGH MAXIMUM NATIONAL FLEXIBILITY. HE ALSO PRAISED THE WORK OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) WHOSE EFFORTS SERVE AS THE "FOUNDATION FOR INTERNATIONAL CONCERN" AND ARE THE BASIS FOR URGENT U.S. GOVERNMENT ACTION. HE MENTIONED SPECIFIC ELEMENTS OF THE IPCC SECOND ASSESSMENT REPORT, INCLUDING THAT THE "BALANCE OF EVIDENCE SUGGESTS THAT THERE IS A DISCERNIBLE HUMAN INFLUENCE ON GLOBAL CLIMATE."

39. OTHER PARTIES FOCUSED ON SIMILAR ISSUES. PARTICULARLY NOTEWORTHY WAS THE UK STATEMENT DELIVERED BY ENVIRONMENT MINISTER JOHN GUMMER WHO EXPRESSED THE HOPE THAT THE WORLD WOULD DO BETTER WITH CLIMATE IN THE 1990'S THAN IT DID FOR PEACE IN THE 1930'S, AS THE COP WAS MEETING IN THE MAIN HALL OF WHAT

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USED TO BE THE LEAGUE OF NATIONS. AS FOR THE MINISTERIAL ROUNDTABLE, REPRESENTATIVES FROM ABOUT 150 OF THE 157 PARTIES TO THE CONVENTION, INCLUDING SOME 51 MINISTERS AND ABOUT 28 DEPUTY MINISTERS, MET IN EARNEST ON THE AFTERNOON OF JULY 17 IN A "ROUND-TABLE" FORMAT DEALING WITH THE SCIENCE AND PROPOSALS REGARDING NEXT STEPS. CONTRARY TO EXPECTATIONS, THE ROUNDTABLE DID NOT PROVE TO BE THE FORUM TO DISCUSS THE PRESSING ISSUES AS IT UNFORTUNATELY DEVOLVED INTO ANOTHER OPPORTUNITY FOR SPEECHMAKING.

TAKING "NOTE" OF THE "GENEVA DECLARATION"

40. ONCE ACTIVITY BEGAN A MINISTERIAL DECLARATION, THE PARTIES GAVE IT THEIR FULL ATTENTION. THE EU'S TEXT WAS DRAWN STRAIGHT FROM ITS JUNE 25TH MINISTERIAL DECLARATION. THE COP PRESIDENT'S OFFERING WAS A RELATIVELY MILD STATEMENT WITH A TILT TOWARDS G-77 POSITIONS. THE U.S. GOAL WAS TO STRENGTHEN THE SCIENCE AND REMOVE

REFERENCES TO A 550 PPM CONCENTRATION TARGET LEVEL (THE SPECIFIC TARGET IN THE EU MINISTERIAL TEXT). IF THE NEGOTIATED TEXT COULD NOT BE ACCEPTED BY ALL PARTIES, THE ORIGINAL HOPE WAS TO OBTAIN THE SIGNATURES OF A LARGE NUMBER OF DELEGATION HEADS FROM THE OECD, IF NOT FROM THE G-77 AND CHINA. ON THE EVENING OF JULY 17, THE PRESIDENT CONVENED A MINISTERIAL-LEVEL CONTACT GROUP, CHAIRED BY

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CANADIAN ENVIRONMENT MINISTER MARCHI. ASSISTANT SECRETARY EILEEN

CLAUSSEN AND OES/EGC SCIENCE OFFICER JONATHAN PERSHING PARTICIPATED FOR THE U.S. ALONG WITH IRELAND FOR THE EU AND REPRESENTATIVES FROM GERMANY, UK, SAMOA, CHINA, RUSSIA, ARGENTINA, BRAZIL, KUWAIT, JAPAN, AUSTRALIA, AND ZIMBABWE.

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41. IN THE WEE HOURS OF JULY 18, AGREEMENT WAS REACHED ON A TEXT. THE STATEMENT WAS STRONG ON ITS SUPPORT FOR THE SCIENCE AND INSTRUCTED REPRESENTATIVES TO ACCELERATE NEGOTIATIONS ON THE TEXT OF "A LEGALLY-BINDING PROTOCOL OR ANOTHER LEGAL INSTRUMENT." IT NOTED THAT THE OUTCOME SHOULD INCLUDE POLICIES AND MEASURES, WHICH PROVIDE FULL FLEXIBILITY FOR PARTIES TO CHOOSE THOSE MEASURES THAT WERE APPROPRIATE, INCLUDING FROM AREAS AS DIVERSE AS ENERGY, TRANSPORT, INDUSTRY, AGRICULTURE, FORESTRY, WASTE MANAGEMENT, ECONOMIC INSTRUMENTS, INSTITUTIONS AND MECHANISMS. NO MENTION WAS MADE ABOUT ANY LEGALLY BINDING POLICIES AND MEASURES.

42. IN ANOTHER CLEAR REFERENCE TO THE U.S. STATEMENT, THE DECLARATION STATED THAT THE FUTURE AGREEMENT SHOULD ALSO INCLUDE "QUANTIFIED LEGALLY-BINDING OBJECTIVES FOR EMISSION LIMITATIONS" WITHIN SPECIFIC TIMEFRAMES WITH RESPECT TO THEIR ANTHROPOGENIC EMISSIONS BY SOURCES AND REMOVALS BY SINKS OF GREENHOUSE GASES NOT CONTROLLED BY THE MONTREAL PROTOCOL. NO REFERENCE WAS MADE TO THE EU'S 550 PPM CONCENTRATION LEVEL. DEVELOPING COUNTRIES WERE MENTIONED, AND THE DECLARATION EMPHASIZED THAT THE FUTURE ACCORD MUST INCLUDE "COMMITMENTS FOR ALL PARTIES ON CONTINUING TO ADVANCE THE IMPLEMENTATION OF EXISTING COMMITMENTS IN ARTICLE 4.1."

43. DESPITE SOME LAST-MINUTE ATTEMPTS TO DERAIL PLANS FOR THE COP TO "TAKE NOTE" OF THE DECLARATION, THE CHAIR GAVELED THE STATEMENT THROUGH THE PLENARY, INDICATED THAT IT WOULD BE ANNEXED TO THE FINAL REPORT, AND ANNOUNCED THAT HE WOULD ALLOW SELECTED COUNTRIES TO SPEAK. AUSTRALIA, TRYING TO PUT THE BEST POSSIBLE FACE ON A DIFFICULT SITUATION, REPORTED THAT IT

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SUPPORTS THE FCCC PROCESS BUT RESERVED ON THE QUESTION OF

COMMITTING PARTIES TO TAKE BINDING TARGETS. SPEAKING NEXT FOR THE U.S., A/S CLAUSSEN NOTED THAT THE U.S. WHOLEHEARTEDLY ENDORSED THE DECLARATION AND ITS FOCUS ON THREE CRITICAL POINTS: THE NEED TO MOVE FORWARD ON THE BASIS OF NEW AND COMPELLING SCIENTIFIC EVIDENCE; THE NEED TO FOCUS ON LEGALLY BINDING TARGETS AS THE NEXT STEP; AND THE NEED TO RAPIDLY MOVE THE PROCESS FORWARD TO COMPLETE ITS CRITICAL WORK IN TIME FOR COP-3. CLAUSSEN INDICATED THAT THE FINAL OUTCOME SHOULD ENSURE MAXIMUM NATIONAL FLEXIBILITY FOR ALL PARTIES TO IMPLEMENT THEIR MEDIUM-TERM LEGALLY BINDING COMMITMENTS, AND, THAT THERE ALSO NEEDS TO BE WORK TOWARDS A LONGER TERM CONCENTRATION GOAL. TO THIS END, SHE STRESSED THAT ACTIVITIES IMPLEMENTED JOINTLY ON A GLOBAL BASIS AND INTERNATIONAL EMISSIONS TRADING MUST BE PART OF ANY FUTURE REGIME.

44. SEVERAL OTHER PARTIES ALSO TOOK THE FLOOR. NEW ZEALAND WELCOMED THE COMMITMENT, BUT NOTED THAT A WAY MUST BE FOUND TO REDUCE DISPARITY IN ABATEMENT COSTS BETWEEN COUNTRIES. SAUDI ARABIA, STATING THAT IT WAS SPEAKING ON BEHALF OF OTHER OPEC NATIONS AND THE RUSSIAN FEDERATION, CLAIMED THAT THE ENTIRE CONFERENCE HAD LACKED "TRANSPARENCY." HE READ A FORMAL OBJECTION FROM THESE PARTIES TO THE ADOPTION, APPROVAL, OR ACCEPTANCE OF THE DRAFT MINISTERIAL DECLARATION DUE TO THE LACK OF OPPORTUNITY TO DISCUSS THE ISSUE IN PLENARY. SAUDI ARABIA STATED THAT THE DECLARATION REFLECTED VIEWS OF "SOME PARTIES" ONLY AND CONTAINED A SUBJECTIVE CHARACTERIZATION OF THE SCIENCE WITH ONLY SELECTIVE REFERENCE TO THE SAR. THE STATEMENT ALSO CONDEMNED THE FAILURE OF THE COP TO ADHERE TO THE CUSTOMARY PROCEDURES OF UN BODIES AND CRITICIZED THE ABSENCE OF THE ADOPTION OF RULES OF PROCEDURE. THE EU SPOKE NEXT, NOTING

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MERELY ITS SUPPORT FOR THE DECLARATION AND ITS INTENTION TO PLAY A CONSTRUCTIVE ROLE. GHANA NOTED THAT IMPLEMENTATION OF THE CONVENTION WAS A MATTER OF "LIFE AND DEATH" AND OBJECTED TO LANGUAGE IN PARAGRAPH SIX OF THE DECLARATION WHICH TALKS ABOUT FULL ANNEX I IMPLEMENTATION OF THE CONVENTION.

NGO REACTIONS

45. INDUSTRY GROUPS AND ENVIRONMENTAL ORGANIZATIONS WERE WELL REPRESENTED AT COP-2. THE GLOBAL CLIMATE COALITION (GCC), THE BUSINESS COUNCIL FOR A SUSTAINABLE ENERGY FUTURE, THE INTERNATIONAL CLIMATE CHANGE PARTNERSHIP (ICCP) AND THE EDISON ELECTRIC INSTITUTE (EEI) PARTICIPATED IN THE GREATEST NUMBERS ON THE INDUSTRY SIDE, WHILE THE CLIMATE ACTION NETWORK, THE

ENVIRONMENTAL DEFENSE FUND AND THE WORLD RESOURCES INSTITUTE WERE AMONG THE MORE PROMINENT ENVIRONMENTAL NGOS. THE INDUSTRY NAYSAYERS (AND ESPECIALLY THE GCC) FOCUSED THEIR LOBBYING EFFORTS, WITH SOME SUCCESS, ON THE OPEC PARTIES AND THE RUSSIAN FEDERATION. THE ENVIRONMENTAL NGOS WORKED HARD TO PROMOTE THEIR AGENDA FOR ACTION AT THE COP: THE RULES OF PROCEDURE MUST BE ADOPTED; MINISTERS SHOULD BE ASKED TO TAKE SUBSTANTIAL DECISIONS WITH REGARD TO THE IMPLICATIONS OF THE IPCC'S SECOND ASSESSMENT REPORT AND DIRECT THE AGBM TO NEGOTIATE A PROTOCOL,

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ACTION OES-01

INFO LOG-00 ACDA-10 ACDE-00 AF-01 AID-00 AMAD-01 ARA-01
CEQ-01 CIAE-00 CIP-00 COME-00 OASY-00 DINT-00 DODE-00
DOEE-00 ITCE-00 SRPP-00 EAP-01 EB-00 EUR-01 E-00
H-01 TEDE-00 INR-00 IO-00 ITC-01 L-01 ADS-00
NASA-01 NAS-01 NEA-01 NSAE-00 NSCE-00 NSF-01 OIC-02
PM-00 PRS-00 SP-00 SSO-00 STR-00 T-00 USIE-00
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FOR USREP UNEP

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CLIMATE CHANGE, GENEVA, JULY 1996

RATHER THAN AN AMENDMENT; AND THE "MANY" ANNEX I COUNTRIES WHICH HAVE NOT REDUCED EMISSIONS TO 1990 LEVELS BY THE YEAR 2000 SHOULD UNDERTAKE URGENT STEPS TO ENABLE THEM TO MEET THIS TARGET.

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46. USDEL RECEIVED CONSTANT FEEDBACK FROM BOTH INDUSTRY AND ENVIRONMENTAL GROUPS THROUGHOUT THE TWO WEEKS. BEFORE DELIVERING HIS SPEECH, UNDER SECRETARY WIRTH BRIEFED A JOINT SESSION OF INDUSTRY AND NGO REPRESENTATIVES. THEIR REACTIONS RANGED FROM GENUINE PLEASURE ON THE PART OF MOST OF THE NGOS, TO GUARDED SUPPORT ON THE PART OF SEVERAL BUSINESS REPRESENTATIVES, TO CONSIDERABLE NEGATIVISM AMONG GLOBAL CLIMATE COALITION MEMBERS. THE LATTER RAISED CONCERNS ABOUT BRINGING MORE NON-ANNEX I COUNTRIES INTO THE ANNEX I FOLD (E.G., KOREA) IN ORDER TO PROTECT AMERICAN COMPETITIVENESS, THE IMPACT ON JOBS, THE TIME-TABLE FOR THE TARGETS WE MENTIONED, THE IMPACT ON JOINT IMPLEMENTATION, AND THE STATUS OF THE EUROPEAN BUBBLE.

47. PROGRESS ON MORE FORMAL CHANNELS OF NON-GOVERNMENT INPUT WAS MADE, AS NEW ZEALAND PREPARED A PAPER ON THE NGO CONSULTATIVE MECHANISM AT THE REQUEST OF SBSTA CHAIR TIBOR FARAGO. THE PAPER, WITH WHICH THE U.S. HAD NO PROBLEMS, CALLED ON THE FCCC SECRETARIAT TO LOOK INTO THE MATTER IN TIME FOR A DECISION AT THE NEXT SBSTA MEETING IN DECEMBER.

COMMENT

48. IN TERMS OF ACHIEVING U.S. OBJECTIVES, COP-2 WAS A SUCCESS FROM ALMOST EVERY STANDPOINT. THE U.S. ANNOUNCEMENT OF PREFERENCE FOR A BINDING TARGET (COMBINED WITH A KEY ROLE FOR JI AND EMISSIONS TRADING), APPROVAL OF GUIDELINES FOR NON-ANNEX I COMMUNICATIONS AND REVISIONS TO ANNEX I GUIDELINES, THE PROMINENCE GIVEN TO THE SCIENCE OF CLIMATE CHANGE, AND THE
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BOOST PROVIDED TO THE NEGOTIATING PROCESS GENERALLY WERE ESPECIALLY SIGNIFICANT. THE OUTCOMES ON NATIONAL COMMUNICATIONS, ACTIVITIES IMPLEMENTED JOINTLY (AIJ), AND THE TECHNICAL ADVISORY PANELS ALL REFLECTED OUR INTERESTS. AGREEMENT ON A MINISTERIAL DECLARATION WAS AN ADDED PLUS, THE TEXT OF WHICH CONTAINED MANY OF OUR POINTS AND LEFT OUT THE EU'S DESIRE FOR MENTION OF HARMONIZED OR MANDATORY POLICIES AND MEASURES AND A SPECIFIC CONCENTRATION LEVEL. INCLUSION OF THE REFERENCE TO THE U.S. PROPOSAL FOR A BINDING TARGET WAS PARTICULARLY SATISFACTORY, BUT WILL UNDOUBTEDLY CAUSE SOME HEARTBURN FOR EUROPEAN OFFICIALS WHEN THEY RETURN TO THEIR CAPITALS. THE EU HAS THUS FAR FAILED TO ESTABLISH BINDING TARGETS AS OFFICIAL POLICY, AND SOME REPRESENTATIVES MAY HAVE SOME EXPLAINING TO DO.

49. WE WERE PLEASED AT THE OVERWHELMINGLY FAVORABLE REACTION TO OUR PRONOUNCEMENT ON THE NEED FOR A REALISTIC, VERIFIABLE, BINDING EMISSION TARGET. DESPITE SOME COMPLAINTS FROM THE AUSTRALIANS AND OPEC COUNTRIES, THE RESPONSE FROM OTHER DELEGATIONS TO U/S WIRTH'S JULY 17 STATEMENT WAS OVERWHELMINGLY POSITIVE. ONE KEY ALLIANCE OF SMALL ISLAND STATES (AOSIS) REPRESENTATIVE REMARKED: "NOW I KNOW WE CAN COME TO AN AGREEMENT." EU MINISTERS GENERALLY WERE POSITIVE, AS WERE SUCH G-77 HEAVYWEIGHTS AS BRAZIL AND INDIA. NGO SUPPORT WAS SUBSTANTIAL AND WAS EVIDENCED BY THE NUMBER OF GLOWING PRESS RELEASES. AMONG INDUSTRY, BUSINESS EXPOSED ITS DIVISIONS. THE BUSINESS COUNCIL FOR A SUSTAINABLE ENERGY FUTURE ISSUED A VERY POSITIVE PRESS STATEMENT, WHILE THE GLOBAL CLIMATE COALITION'S RESPONSE MADE CLEAR ITS OPPOSITION TO THE U.S. POLICY. ALTHOUGH THE EDISON ELECTRIC INSTITUTE ISSUED A STATEMENT CRITICAL OF OUR POSITION, IT WAS STRESSED BY SOME OF THE
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ORGANIZATION'S LEADERS THAT THIS WAS BECAUSE WE WERE CALLING FOR A "CAP."

50. AS WE LOOK TO THE NEXT SET OF MEETINGS IN DECEMBER AND TO COP-3 A YEAR FROM THEN, THE U.S. WILL SEEK TO PUT ACTION BEHIND OUR POLICY IN FAVOR OF A BINDING TARGET, COMBINED WITH A KEY ROLE FOR JOINT IMPLEMENTATION AND EMISSIONS TRADING. DEPARTMENT OF COMMERCE UNDER SECRETARY EVERETT ERLICH WILL OVERSEE A REDOUBLED INTERAGENCY ANALYSIS EFFORT IN ORDER TO PROVIDE THE DATA NEEDED TO SUPPORT OUR PROPOSAL IN TIME FOR THE NEXT ROUND OF CLIMATE MEETINGS IN DECEMBER. A SOMEWHAT PLEASANT SURPRISE WAS THE FORCEFULNESS OF NEW COP PRESIDENT CHIMUTENGWENDE. HIS WILLINGNESS TO USE HIS GAVEL

UNHESITATINGLY WAS VERY IMPRESSIVE IN DEALING EXPEDITIOUSLY WITH ISSUES OF THE BUREAU. THESE ACTIONS PREVENTED THE COP FROM BECOMING BOGGED DOWN IN ORGANIZATIONAL MATTERS, WHILE GIVING THE DESIRED LIFT TO THE NEGOTIATING PROCESS THROUGH THE ISSUANCE OF A RINGING "GENEVA DECLARATION." END COMMENT.
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