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6 November 1998

E52B

To: Please see the Attached List
From: USDEL/Buenos Aires -- Mark G. Hambley *MG*
Subject: COP-4, Supplement to Update No. 6 for Friday, November 6, 1998

This supplement provides a copies of more detailed reporting from the first three days of the Fourth Conference of the Parties (COP-4). It should be read in conjunction with Update No. 6. Enclosures to this message include the following:

- (A) Notes on the Nov 3rd meeting of the SBI, prepared by Barbara DeRosa-Joynt (State);
- (B) Notes on the Nov 4 afternoon session of SBI, prepared by Barbara DeRosa-Joynt (State);
- (C) Notes on the Nov 5 SBI/SBSTA joint session prepared by AmEmbassy Santiago's Diana Page;
- (D) Notes on the afternoon session of SBSTA by DOD's Colonel Dan Benton;
- (E) A copy of a "survey" circulated around the floor by a newspaper which has somewhat inflamed passions in some delegations; and
- (F) Copy of the NGO rag, **ECO**, for Friday, November 6;

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3 November 1998 – SBI

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Financial Mechanisms

The discussion of financial mechanisms centered largely on several main points. First, many parties noted the overdue contributions of others, and the need for all parties both to pay their contributions, and to pay them on time. Several parties noted the sizeable carryover fund (\$3.5 million this year), and some expressed an interest in receiving waivers of their future contributions as a reward for their current on time payment. Some parties requested that the list of contributions be updated more frequently, and a few brought to the attention of the parties the fact that their payments had been made but were not currently showing. Ecuador noted that just prior to the meeting it had paid up the contribution it had pending since 1996.

The U.S. raised concerns regarding a number of issues, ranging from the size of the carryover fund, to its necessity at all in light of other financial protection for the Secretariat funding already in existence, namely a working capital fund. We noted our interest in ensuring that the efforts of the Secretariat with regard to non-Annex I national communications and capacity building was not duplicative of GEF or other programs. We expressed concern over the 13% overhead charge collected by the UN for the services it provides from the UN Office in Geneva. Lastly, the U.S. raised the issue of the location of conference services funding, with the U.S. making a pitch for the UNGA to decide whether the money would come directly from the parties or from the UN instead.

Richard Kinley of the Secretariat defended the large carryover, noting that since contributions were voluntary they were also irregular, and the carryover provided the Secretariat with continuous funds with which to function. He stated that the carryover for next year would likely be significantly smaller, due to the Secretariat filling several positions. In addition, Mr. Kinley responded to questions raised by the U.S. delegation and others.

Consultations to revise the draft decision were assigned to Harald Dovland of Norway, with the revision to be completed in two days. The U.S. is actively participating in those consultations.

Calendar of Meetings

The Secretariat's proposal to have three meetings a year – one two week and two one week meetings – was discussed but not resolved. While the EU favored moving COP-5 to the first half of 2000, to allow more time for parties to make progress on important issues. Mauritius expressed the concern that delay of the COP would remove the impetus for parties to ratify in the near term, and stated its preference for using the Secretariat's proposed schedule. Other parties noted their preference for the Secretariat's proposal.

Submitted by OES/EGC: Barbara De Rosa-Joynt ^{ewj}

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4 November 1998 – SBI - afternoon

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4.2(f)

Pakistan made an intervention on behalf of Turkey, relaying Turkey's regret that it is unable to join because of its inclusion in the annexes, and requesting that it be removed from the annexes as soon as possible. Turkey made a statement to the parties stating that it intends to participate fully but regrets that it cannot remain in the annexes. The Turkish delegate noted that domestic measures are being taken to mitigate greenhouse gas emissions, and brought to the parties' attention the distribution of Turkey's first national communication, which was handed out to each delegation. Turkey stated that if removed from the annexes – its inclusion in which it characterized as a "mistake" – it would immediately participate fully. Other delegations expressed their sympathies to the Turkish delegation, and noted that the national communication will lend clarity, since now all can see the details of their situation. Most parties expressed an interest in finding a solution.

In the evening session of SBI, the parties agreed to a draft decision submitted by Venezuela, which deferred the decision regarding removal of Turkey from the annexes to COP-5. The draft decision (1) notes the new information received at this session (the national communication); (2) decides to continue review of the issue at COP-5; (3) requests the Executive Secretariat of the FCCC to add the item to the agenda for further review of the parties at COP-5. Turkey, naturally, was disappointed in this outcome, but expressed hope that people would better understand Turkey's position when they had a chance to review the national communication.

National Communications of Annex I Parties

The G-77/China and other non-Annex I Parties took turns at slamming Annex I countries for their national communications, or in some cases the lack thereof. They noted that the emissions trends described in many of the national communications do not bode well for countries meeting the FCCC aims of countries to return to 1990 levels by 2000. Others non-Annex I countries complained that the inconsistency in the presentation of data made it difficult to compare data across parties' submissions. The G-77/China noted that either the guidelines need to be followed or they need to be changed so that parties are in compliance. Some non-Annex I parties stated that they would like more information on how policies and measures actually generate reductions so that they can use the national communications to get ideas about policies they can apply at home. The EU stated that it was pleased that the quality and quantity of data in Annex I parties' second communications had improved significantly, and added that it expected the improvements to continue. The U.S. indicated that the next two communications should be due in 2001 and 2005, but felt it was too early to determine the next communication after 2005. The U.S. also supported the development of guidelines for annual greenhouse gas inventory data. A contact group was set up with Russia and Mauritania, and will convene on Saturday.

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Non-Annex I National Communications

In anticipation of a contact group, it was noted that such a group should consider the following.

- (1) preparation of national communications for many non-Annex I parties is now underway;
- (2) parties are invited to submit comments, and comments have been received by the Secretariat;
- (3) workshop discussions on the issues took place in Kuala Lumpur and therefore the parties should work toward a conclusion. Chairman Kante expressed his hope that the contact group would address the issues of difficulties in collection of data, and the need for technology transfer and financial transfer.

During this session, OES/EGC Dan Reifsnyder reported on the non-Annex I national communication workshop held in Kuala Lumpur this summer, and stated his belief that the parties should work toward the goal of taking a specific decision at this session.

Developing countries expressed frustration at the difficulty experienced in collecting the data required in order to compile inventories and national communications. Others indicated their interest in financial and technology transfer to assist in future communications. It was noted that several countries are contemplating work on their second national communications, and hoped that more of the communications due this year will soon be forthcoming. Several parties commented that more workshops are needed for developing countries, in order to assist them in their efforts. A number of parties welcomed efforts of non-Annex I countries to make steady improvements in their data collection and reporting, as well as in their mitigation efforts.

Chile stated that it is currently completing its national communication, with GEF support – it will be tabled in 1999. The Chilean delegate expressed his interest in seeing what policy and measure needs would look like on a practical level. Chile invited all other developing countries, which – like Chile – are completing national communications, to go more thoroughly into detail about what measures they are already taking at home.

A contact group was established with the U.S. (Dan Reifsnyder) and South Africa.

Submitted by OES/EGC: Barbara De Rosa-Joynt

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COP-4 SBI/SBSTA 6th meeting -- November 5, 1998/ 10 am
(Notetaker: Diana Page)

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The issue was the Chair's proposal for allocation of work to the subsidiary bodies related to decision 1/CP.3 paragraph 6 on preparations for the first Conference of the Parties serving as the Meeting of Parties to the Protocol (COP/moP). The U.S., Japan, Canada and Australia spoke in favor of the proposed plan with some slight modifications. Austria made comments for the E.U. emphasizing coordinated policy measures, addressing compliance as well as non-compliance, suggesting an ad hoc working group and making links between the guidelines for Annex 1 national communications and the Protocol's Articles 5 and 7.

Saudi Arabia led an OPEC charge, demanding that Kyoto Protocol Articles 2.3 and 3.14 (on reducing the adverse effects on developing countries from climate change) be given "equal importance to the flexibility mechanisms." They wanted a work plan and timetable for implementing these articles. Venezuela, Bangladesh, Kuwait, Nigeria and other G-77 countries repeated this refrain, despite frequent explanations from the Chairs and from the Article 4.8/4.9 Contact Group members stating that the sequence of work was on track and 2.3/3.14 were already being addressed as they related to Article 4.8/4.9.

After three hours of the same arguments, Chairman Chow announced as his "last card" that he would invite Marshall Islands representative Espen Ronneberg to hold informal consultations and report back. The U.S. (backed by Australia) proposed that a second person work with Ronneberg to get a balanced view of the positions, but the Chair insisted only Ronneberg would carry out the consultations on this point.

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Notes for 5 November 1998 – Afternoon SBSTA
Prepared by Dan Benton, DoD

SBSTA – continuation of 4 Nov 98 session

Research and Systematic Observation (COP agenda item 4(h)(i))

The Chair permitted additional Parties to comment on the *Report on the Adequacy of the Global Observing Systems*, which had been presented at the previous day's session. The preparation of the Report had been coordinated by the GCOS Secretariat in WMO on behalf of the organizations participating in the Climate Agenda.

Switzerland proposed that SBSTA prepare a COP4 decision along the lines of the Report and that the issues raised be a regular agenda item. New Zealand endorsed the Report and proposed these issues be added to national communications guidelines. Tanzania endorsed the prior session's comments by the US and others and emphasized the need for capacity building. Uganda proposed a special initiative for Africa because of its marginalization and isolation from the Convention process and related its needs to the broader technical transfer discussion. Uganda also called for an expansion beyond meteorological data to include socioeconomic data. Similarly, Barbados called for data collection on such environmental impacts as coral leaching. Mauritius, Malawi, and Saudi Arabia and Guyana called for financial support for developing nations. Chile and the Philippines spoke of the special data collection needs of their regions. Slovenia supported the US proposals from the previous session calling for 1) inclusion in National Communications and 2) organization of a workshop on the issues. Iran called for the location of weather centers in developing countries as well as developed countries.

The Chair again stated that the issues presented in the Report enjoy a global consensus and noted that he had requested Dr Barrell (Australia) and Dr Mhita (Tanzania) to help prepare a draft decision and report on Friday (6 Nov).

Other Matters: Methodological Issues in the National Communications (SBSTA agenda item 4)

The Chair explained his expectations of two upcoming workshops on methodological issues related to GLHG inventories and national communications (December 1998 and March 1999) that are to be reported at the 10th SBSTA. The SBSTA documents presented today are meant to provide points of departure and options for the workshop experts, but are not exhaustive.

Austria/EU encouraged the IPCC to make available experts' reports on uncertainties and called for the inclusion of bunker fuel in national totals in future work programs (cf. Decision 2/CP.3, para 4). There followed a US intervention (attached) proposing the December workshop be organized around the themes of methodological issues, reporting issues, and review and assessment. The US also noted the importance of the (bunker fuel) issue raised by Austria and encouraged the Chair to invite Austria to report it back

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to the SBSTA. Norway called for the recalculation of baselines if new method become available.

Switzerland stated that SBSTA/SBI was the proper body to look at CFC substitutes that are powerful GHGs (HFCs, PFCs) and urged a decision be taken at this COP4 in advance of the Montreal Protocol in Cairo in a few weeks. Austria/EU agreed. The Chair stated that he would need to consult with the Secretariat to see if they could handle the additional work. The US noted that SBSTA has a clear role in this matter, but urged the body not to move too fast, recalling that these gases are substitutes for ozone-depleters and significant expenses had been incurred in developing them to address ozone concerns. US also noted that Montreal Protocol had expertise that should still be drawn upon. A draft DOP was offered (attached). Australia also noted the investment in research to produce CFC substitutes and noted their greater efficiencies as another factor. The Chair stated he would float a decision on this issue but leave it open for further discussion.