

UNITED NATIONS ACTIVITIES

UNFCCC

Kyoto Protocol: Acceptable Compromise?

The resumed sixth session of the Conference of the Parties (COP-6) to the United Nations Framework Convention on Climate Change (UNFCCC) concluded on 27 July, in Bonn.

This short report will not discuss in detail or comment on the many days of political rhetoric already given wide coverage in the media, but will instead summarise briefly the decisions adopted by the Conference.

Introduction

In November 1998, COP-4 met in Buenos Aires, to set out a schedule for reaching agreement on the operational details of the Kyoto Protocol and for strengthening implementation of the UNFCCC itself. This work schedule was outlined in a document called the *Buenos Aires Plan of Action (BAPA)*.

The critical deadline under the Plan was COP-6, where Parties were to try to reach agreement on a package of issues, such as rules relating to the mechanisms, compliance, and accounting methods for national emissions and emissions reductions. Carbon sinks were also to be addressed. Issues requiring resolution under the Climate Convention included questions concerning the development and transfer of technology and capacity building.

The first part of COP-6 was held in The Hague from 13-25 November 2000. During the negotiations there, Jan Pronk, Minister of Housing, Spatial Planning and Environment in the Netherlands, tried to facilitate progress on the many disputed political and technical issues by convening high-level informal Plenary sessions to address the key political issues. He grouped these into the four following "clusters": 1) Capacity building, technology transfer, adverse effects, and guidance to the financial mechanism. 2) Mechanisms. 3) Land Use, Land-Use Change and Forestry (LULUCF). 4) Compliance, policies and measures (P&Ms), and accounting, reporting and review under Kyoto Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

On 23 November, negotiations stalled, and on 25 November Jan Pronk convened a final high-level informal Plenary in which he announced that delegates had failed to reach agreement. It was agreed to suspend COP-6, and to resume work in 2001.

President Pronk prepared a consolidated negotiating text in June 2001, to assist negotiators in reaching a compromise; and in an effort to get the negotiations back on track, a number of meetings and consultations were held. At informal high-level consultations in Scheveningen, the

Netherlands, from 27-28 June, more than 350 delegates from 130 Parties participated, and presented their views on the Pronk text. It became obvious that opinions seemed to have remained the same, or in some cases, had even hardened, in particular concerning funding, LULUCF,



sinks in the Clean Development Mechanism (CDM) and the use of nuclear facilities to meet commitments.

The situation was exacerbated by the US statement that it would withdraw from the Kyoto Protocol, which it termed "fatally flawed." The US administration stated that it would participate at COP-6 Part II in negotiations on the Protocol in cases where talks might lead to outcomes affecting legitimate US interests, or if negotiations could set precedents for other international agreements. The US "would be fully involved in all discussions relating to commitments under the UNFCCC."

Subsidiary Bodies to the Climate Convention

The subsidiary bodies to the UNFCCC met for their fourteenth session at the same time as COP-6. The Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) met separately to begin their work. Issues addressed included, for the SBI, administrative and financial matters, and for SBSTA, policies and measures among Annex I Parties, and cooperation with relevant organisations. Draft conclusions were adopted on several of these issues.

Resumed Sixth Session

Jan Pronk, in his opening statement, noted that participants were meeting to resolve outstanding issues from the first part in The Hague. He said that the negotiations would be based on bracketed texts brought forward from that Meeting and, in addition, an unbracketed consolidated negotiating text he had developed would serve as a tool to assist negotiators.

The COP noted that 185 States and one regional economic integration organisation are Parties to the UNFCCC and that 35 States have deposited their instruments of ratification or accession to the Kyoto Protocol. More recently, Vanuatu has ratified the Protocol, and Argentina, Senegal, Colombia, the Cook Islands and Bangladesh have said they are in the process of taking similar steps.

The critical issues addressed during the resumed Sixth Session related to two agenda items: *review of the implementation of commitments and of other provisions of the UNFCCC; and preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP-1)*. These issues were highlighted in the Buenos Aires Plan of Action, which set COP-6 as the deadline for finalising agreement.

Negotiations on the key issues were held in closed negotiating groups, which aimed to identify the key *political* issues to be resolved by ministers and high-level officials.

During the High-level Segment held from 19-23 June, ministers and officials began by considering a Note by the Co-Chairs of the negotiating groups that outlined clear options on all the key outstanding political issues.

On 21 July, Jan Pronk spoke of an "increasing consensus" and presented a proposal for a draft decision outlining political agreements on so-called "core elements" of the Buenos Aires Plan of Action. However, although several Parties announced that they could support the political decision, disagreements arose over the section on compliance.

President Pronk then held further consultations on this section, which resulted in an agreement to adopt the original political decision from 21 July, with a revised section on compliance.

The Bonn Agreement

Ministers approved the political decision on 23 July, which was subsequently formally adopted by the COP.

The Agreement is divided into several sections. Five of these relate to *funding* and *financial* issues. The section on *mechanisms* addresses principles, nature and scope, Joint Implementation (JI), CDM and emissions trading. The section on LULUCF includes a paragraph affirming eight governing principles for the treatment of LULUCF activities. The Agreement covers eight aspects of the *compliance* system.

The full text is printed on page 255.

Political Declaration

The EU, Canada, Iceland, Norway, New Zealand and Switzerland issued a *Political Declaration* on funding for developing countries. This includes an undertaking to provide an annual contribution of US\$410 million by 2005.

Post-Bonn Agreement Negotiations

During negotiations held from 25-27 July, delegates tried to clear the remaining brackets in all outstanding texts held over from The Hague, so as to reflect the Bonn Agreement. However, although consensus was reached on several key issues, delegates were unable to complete their

work after disagreements continued over the draft decisions on the mechanisms, compliance and LULUCF.

Delegates met in Plenary and decided that the draft LULUCF decisions would be forwarded for further consideration by, and adoption at, COP-7.

Delegates then considered the Co-Chairs' non-paper on procedures and mechanisms on compliance under the Kyoto Protocol. Opinions diverged over the legal and political interpretation of the Bonn Agreement with regard to the remaining work to be done on compliance during COP-6 Part II, and to the legally binding nature of the compliance regime. The COP took note of the draft decision on compliance based on the Co-Chairs' non-paper and decided to forward it to COP-7 for completion and adoption.



COP-6 President Jan Pronk

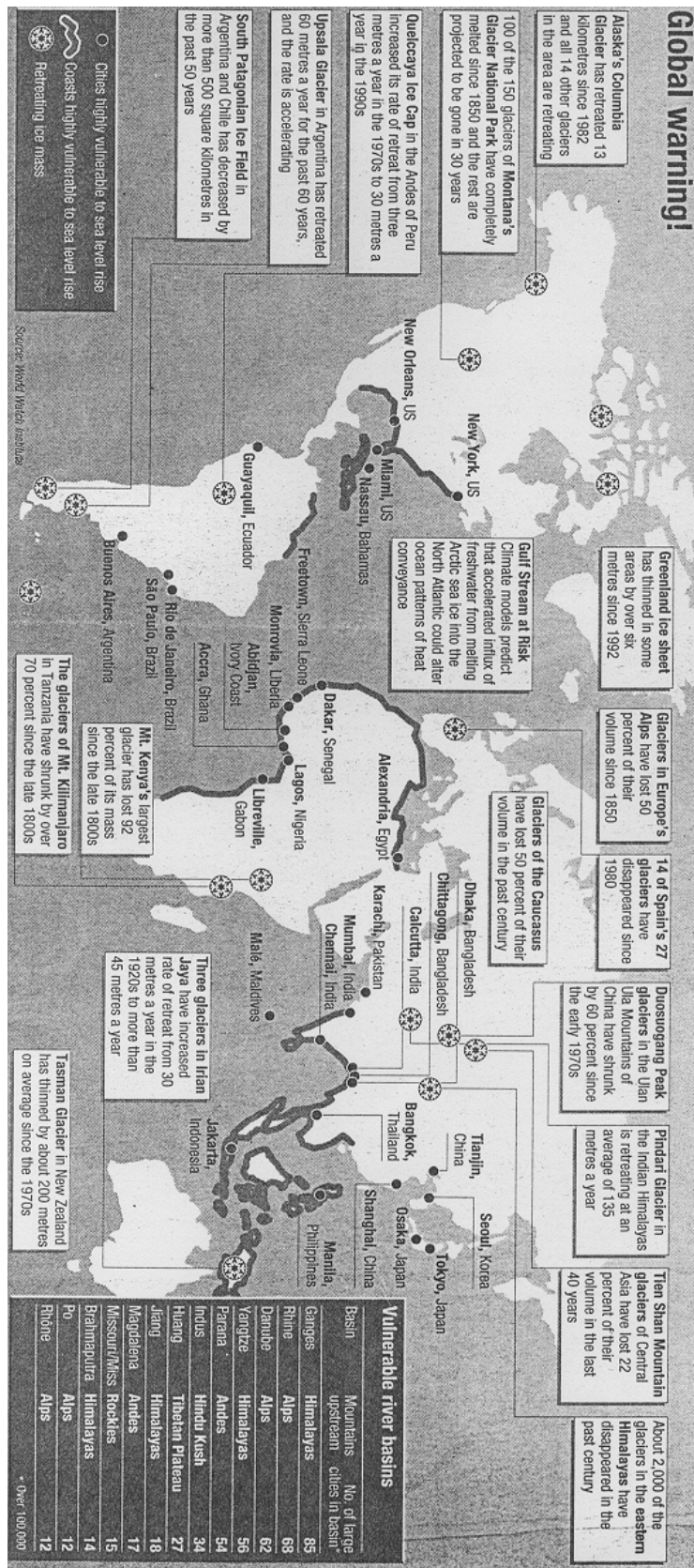
Courtesy: IISD

On 27 July, Co-Chair Neroni Slade reported that the discussions had highlighted different views on some key issues in the Bonn Agreement.

During the final Plenary, the Conference took note of the draft decisions on *national systems, adjustments and guidelines* under Articles 5, 7 and 8 and forwarded them to COP-7 for completion and adoption.

With regard to *activities implemented jointly (AIJ)*, under the draft decision forwarded to COP-7, Parties decided to continue the pilot phase for AIJ and request the Secretariat to organise a workshop on the revised uniform reporting format before the next meeting of the Subsidiary Body on Science and Technological Advice (SBSTA-15).

Concerning *policies and measures (P&Ms)* the COP agreed on a draft decision to be forwarded to COP-7 for adoption. The draft decision decides that future work on P&Ms should contribute to the improvement of transparency, effectiveness and comparability of P&Ms, by: enhancing transparency in reporting on P&Ms in the national communications of Annex I Parties through, *inter alia*, criteria and quantitative parameters; and facilitating information sharing on ways to minimise adverse effects of P&Ms. —



Courtesy: Financial Times

The issue of *impact of single projects on emissions in the commitment period* was not discussed in-depth due to time constraints. Parties decided to refer the decision for adoption in its current format at COP-7. The draft text defines a single project and sets the guidelines for reporting CO₂ emissions from a single project that has come into operation since 1990.

Administrative and Financial Matters

The COP adopted the decision on this topic (L.8, see page 259) on 27 July. The text notes that the linkage continues to provide a sound basis for the functioning of the Secretariat, and that UNFCCC conference servicing is being met from the UN regular budget. It approves the continuation of the current institutional linkage for an additional five-year period, to be reviewed by the General Assembly and the COP before 31 December 2006, and invites the Secretary-General to seek the same endorsement from the General Assembly at its forthcoming 56th session.

Proposal by Canada

The COP considered draft conclusions proposed by Canada, relating to its offer to hold an informal meeting on optimising the uptake of cleaner or less greenhouse gas-emitting energy, and inviting the Secretariat to convene a workshop on this issue prior to COP-8. The Conclusions also stated that the Subsidiary Body for Scientific and Technological Advice (SBSTA) should develop recommendations for COP-8 to consider.

Several countries expressed concern at the lack of time given to consider the proposal, and suggested that it should be considered at COP-7. However, many other Parties supported the text. Delegates finally agreed to a compromise whereby reference to a workshop organised by the Secretariat, and recommendations by SBSTA-16 to COP-8, were deleted.

The text, as adopted, recognises, *inter alia*, that cleaner or less greenhouse gas-emitting energy, particularly renewables, hydro, geothermal and natural gas, can promote environmental benefits to meet the objects of the UNFCCC and Kyoto Protocol, and optimise the uptake of cleaner or less greenhouse gas-emitting energy.

Closing Plenary

During the closing Plenary on 27 July, the Conference adopted a number of decisions relating to agenda items, as well as to the implementation of the Buenos Aires Plan of Action.

Decisions adopted were 5/CP.6: Implementation of the Buenos Aires Plan of Action (see page 255) and 6/CP.6: Institutional linkage of

the UNFCCC secretariat to the United Nations (see page 259).

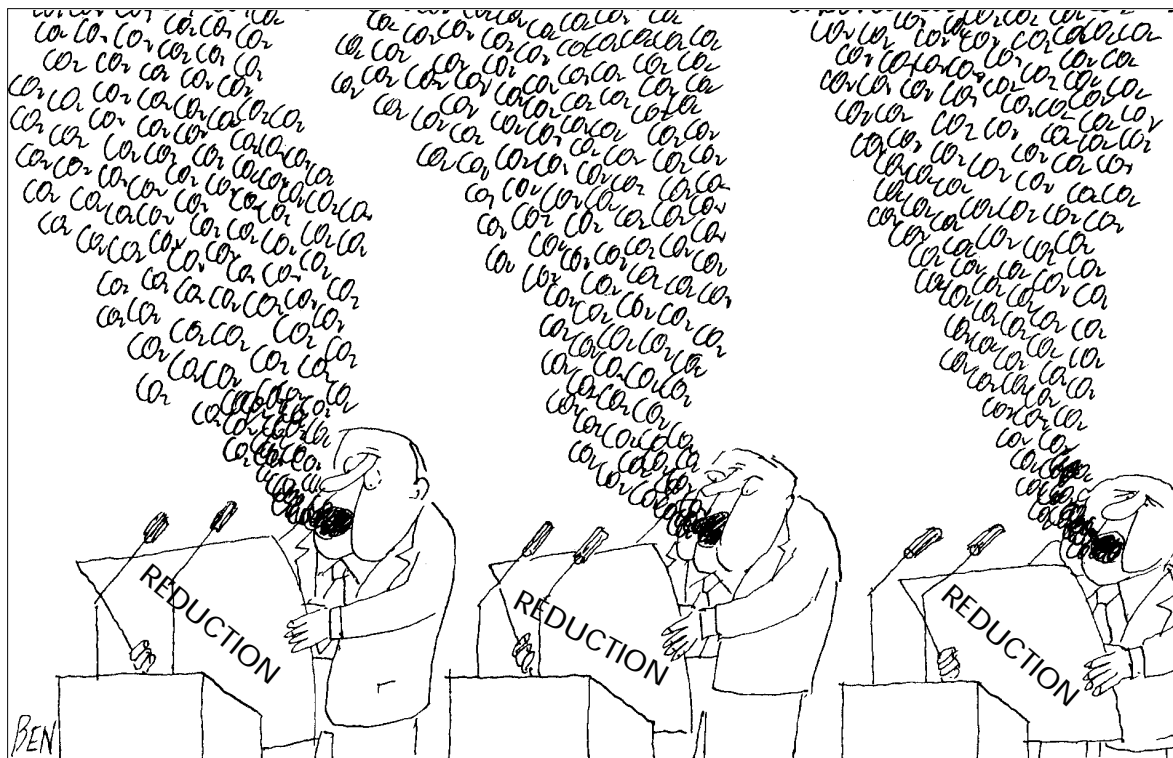
Jan Pronk noted that agreement and consensus had been reached on ten other decisions, which have been forwarded to COP-7 for adoption. These include those on financial issues, meaning their adoption at COP-7 would be a formality.

The Decisions are as follows:

- Additional guidance to an operating entity of the financial mechanism (L.4/Rev.1);
- Funding under the Convention (L.14);
- Funding under the Kyoto Protocol (L.15);
- Capacity-building in developing countries (L.2);
- Capacity-building in economies in transition (L.3);
- Development and transfer of technologies (L.10);

- Land use, land-use change and forestry under the Kyoto Protocol (L.11/Rev.1);
- Procedures and mechanisms relating to compliance under the Kyoto Protocol (CRP.12/Rev.1);
- Articles 5, 7 and 8 of the Kyoto Protocol (CP/2000/5/Add.3/Vol.III);
- "Best practices" in Policies and measures (CP/2000/5/Add.3/Vol.IV).

Jan Pronk repeated his goal of encouraging intensive work on the texts, safeguarding the integrity of the political decision – the "Bonn Agreement" on fulfilling the Buenos Aires Plan of Action – and ensuring a fair process. He stated that he had received confirmation from all groups that the work would be completed at COP-7, in a way that is faithful to the Bonn Agreement. He added that



Promises on climate change

Courtesy: SZ (Gabor Benedek)

- Implementation of Article 4.8 and 4.9 of the Convention (L.12);
- Matters relating to Article 3.14 of the Kyoto Protocol (L.13);
- Activities implemented jointly under the pilot phase (CP/2001/2/Add.5);
- Impact of single projects on emissions in the commitment period (CP/2001/2/Add.5).

President Pronk recalled that issues still outstanding included texts on guidelines under Protocol Articles 5, 7 and 8, compliance, the mechanisms and LULUCF. The following Decisions are in progress:

- Mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol (CRP.11);

the Bonn Agreement would make the Kyoto Protocol ratifiable.

After the Parties had made their closing statements, delegates rose in a standing ovation to end a marathon weekend of negotiations. Many spoke of a "historic" political agreement that saved the Kyoto Protocol, while others reflected on the nature of the compromise – or rather sacrifice – made to achieve this agreement. Differences in the interpretation of the Agreement have already surfaced, in particular on the legally binding nature of the compliance regime. However, all agreed that it has laid the foundation for possible ratification of the Kyoto Protocol.

The opinion of environmental groups working outside the Conference hall was more cautious. They regard the "flexible mechanisms" in the Protocol – designed to im-

prove its cost-effectiveness – as loopholes that will undermine the treaty's environmental integrity. For example, the agreement allows countries to gain credit for managing their forests in such a way that they absorb more carbon dioxide, even if those forest management techniques were in place before 1990.

Further, these groups claim that the impact of the con-

cessions reduces the emission cuts required by the Protocol between 1990 and 2010 from 5.2 per cent to 0.3 per cent.

However, despite the concessions, many environmental campaigners welcomed the Agreement as a first, big step in the battle against global warming. (MJ)

