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8 June 1999

**To:** Please see Attached List

**From:** Climate Change USDEL/Bonn - Mark G. Hambley ~~WJ~~

**Subject:** Supplement to Climate Change Update No. 7 for June 7/8, 1999

Attached are additional and more detailed reports on the various meetings and contact groups which took place on June 7/8. The reports are as follows:

- (a) A report on the contact group meetings on June 7 involving non-Annex I communications prepared by Treasury's Michael Colby; and,
- (b) Notes on the June 8 SBSTA meeting on bunker fuels prepared by DOT's Kevin Green.

These reports should be read in conjunction with the regular climate change update Number 5 for June 3-4 and Number 6 for June 5-7, 1999.

Notes by: Michael Colby, US Treasury/OASIA

**Contact Group -- Non-Annex I National Communications, cont.  
June 7, 1999 (SBI-10 Item #4)**

**Discussions outside the Non-Annex I Contact Group**

The EU (Germany, Netherlands, UK), and some of the other Umbrella Group Members (AUS, NZ, CAN) felt that unless someone presented some alternative text to the Contact Group today, it would be too late to do so, and the discussion would never get into any alternatives to several aspects that we do not like in the G-77/C draft text. Germany and the EU therefore drafted a text, using much of our previous draft language (not all, but enough so that all of our issues were raised, after a couple of meetings to discuss today). UK and GER seem more reluctant than the US and AUS/NZ to the G-77/C's proposal for a Non-Annex I Experts Group, and phrased the language so that any such group should include experts from Annex I as well, and its task would be to focus on the technical assessment of the non-Annex I communications after they are received.

**Contact Group meeting #3, 6-7-99**

The South African co-chair was tied up in the LU/LUCF contact group, so Dan Reifsnnyder chaired the meeting. The UK presented the EU proposal. The chair opened the floor to either comments on the UK paper, or responses by the G/77 to questions asked of it last Friday to flesh out their proposal for the Experts Group, etc. The G77, with the exception of the representative from Togo, chose to pick apart the EU proposal, with Bernadidas (Phil.) challenging something in every single paragraph -- even items that were intended as olive branches. John Ashe (ANTIGUA) focused on problems he perceived with the language on using the IPCC to advance work on emissions factors, and the consistency of the proposal for activities for interim funding (between first and second communications) with previous COP decisions. Mexico was the only other G77 speaker, with a brief, mixed statement. Togo's representative listed about 8 or 10 things he personally thought the Expert Group could do, and also opposed the IPCC role on factors. It was clear, though, that the rest of the G77/C was not prepared to flesh out their proposal from last Friday. Switzerland and US were only other Annex I speakers, generally supportive of the UK proposal for getting the important issues out on the table.

The struggle for control of the agenda has been joined. The issues are now pretty open. The Contact Group plans to meet again Tuesday afternoon, but it is not clear whether they will be able to meet again after that. The next step may be for the co-chairs to draft a synthesis proposal, but there are two proposals on the table, with some elements that may be possible to resolve, and others looking less likely at the moment.

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## Notes from SBSTA Meeting 10, Agenda Item 5.b—Bunker Fuels

June 8, 1999

Prepared by Kevin Green, DOT

Mr. José Romero (Switzerland) has been conducting informal consultations on international bunker fuels since the June 1 SBSTA plenary. Participants have included Australia, Austria, Germany (for EC), Finland, Greece, Japan, Korea, the Netherlands, Panama, and Saudi Arabia.

On June 3, Mr. Romero provided draft conclusions that summarized points discussed during the plenary, sought comments on the IPCC report by July 15, called for consideration of allocation during SBSTA 11 (aimed at a decision by "COP XX"), urged ICAO and IMO to accelerate their work, encouraged domestic efforts to reduce emissions from "aviation and shipping" (and encouraged reporting on these efforts), and invited the secretariat to explore ways to better link ICAO, IMO, and SBSTA—perhaps through a joint working group and a joint expert workshop.

Our comments on this draft called for deletion of the paragraph on allocation, and for a simple focus on information exchange between ICAO, IMO, and SBSTA (i.e., no joint working group or new workshop). We also proposed insertion of text calling on Parties to provide support to ICAO and IMO for efforts responding to Article 2.2.

A June 4 meeting to discuss comments on this first draft by Mr. Romero was postponed because Saudi Arabia was not present. We did, however, receive written comments from several Parties, all of which called for a deletion of the language that would have set a specific target date for a decision on the allocation issue. Australia called for a strengthening of language on domestic action. Germany (for the EU) sought a SBSTA decision on the IPCC report, and a focusing of the call for domestic action toward international emissions. Japan suggested delaying consideration of allocation until after ICAO and IMO complete their work. Korea sought some refocusing toward methodologies and data, and reminded SBSTA of the need to respect the role and decisions of ICAO and IMO. Saudi Arabia recommended deletion of essentially all text going beyond simple recognition that Parties received information from ICAO and IMO and are encouraged to comment on IPCC's report.

Mr. Romero distributed a second draft on June 5, but not in time to schedule a follow-up consultation that day. This draft partially addressed our comments, but still called for a draft decision on the IPCC report at COP 5 and encouraged domestic efforts to reduce emissions. It also added a request that Parties comment by July 15 on a draft informal paper on bunker fuel data collection and reporting, which was prepared for the secretariat in May by Det Norske Veritas (DNV). The second draft also requested Parties to provide comments on the bunker fuels issue (and the IPCC report) by August 16 for incorporation into a miscellaneous document.

We prepared a redline/strikeout of this second draft, but did not submit a hardcopy. An informal consultation was held on June 7. Virtually all comments were by Germany, Saudi Arabia, and the U.S.

We sought an additional two months to review the DNV draft, questioned the intended scope of SBSTA 11 consideration of "this issue," proposed deletion of language seeking a draft decision at COP 5, pointed out that paragraph 4 of decision 2/CP.3 applies to reporting requirements, advised against asking Parties to submit views on allocation at this time, proposed deletion of language encouraging domestic efforts to reduce emissions (based on inappropriate sectoral focus), and expressed our hesitation to establish a concrete timeline right now for a decision on allocation.

Saudi Arabia's request for a structural separation of summary remarks and operative conclusions was well-received. Saudi Arabia also said it did not have a copy of the DNV draft, questioned both its basis and the manner in which it was released, and wondered if its consideration could be delayed until SBSTA 12 so that Parties would have more time for review. Saudi Arabia indicated that consideration of allocation would be premature, and was generally reluctant to prejudge SBSTA 11 products. Saudi Arabia suggested that SBSTA's consideration of allocation and targets would exceed its mandate under decision 2/CP.3.

The secretariat suggested that even if a technical paper could not be completed by SBSTA 11, an updated copy of the DNV report could still be made available at that time.

Germany (for the EU) continued its push for a decision on the IPCC report at COP 5 (Australia asked what such a decision might contain), acknowledged that decisions on limitation or reduction belong with ICAO and IMO, asserted that consideration of allocation and targets would be responsive to decision 2/CP.3, and said that a decision on allocation (including the possibility of a decision not to allocate) needs to be reached before the commencement of negotiations on the second budget period.

Mr. Romero distributed a third draft on June 7, and requested written comments, with the hope that a follow-up meeting would not be required. Our comments suggest giving credit to ICAO for requesting the IPCC report and propose deleting both a paragraph urging domestic action and a paragraph requested that Parties submit their views on bunker fuels and the implications of the IPCC report. We suggest that the sectoral focus for encouraging domestic action is inappropriate, and that there is no mandate for the proposed submission of views.

At this point, the U.S. agency staff following this agenda item expect that another meeting will still be required if there is to be consensus on conclusions, but also expect that a second disruption today will mean that this cannot take place until June 9. A side event on aviation is scheduled for this evening.