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* ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Eighth session

Bonn, 2-12 June 1998

SUBSIDIARY BODY FOR IMPLEMENTATION

Eighth session

Bonn, 2-12 June 1998

**POSITION PAPERS ON MATTERS BEFORE THE EIGHTH
SESSIONS OF THE SUBSIDIARY BODIES SUBMITTED BY
THE GROUP OF 77 AND CHINA**

Submission by the Group of 77 and China

Note by the secretariat

1. The attached position papers were submitted by Indonesia on behalf of the Group of 77 and China in connection with the work of the eighth sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, and in particular with reference to item 8 of both subsidiary bodies, "Mechanisms", and statements made by the Executive Director of the United Nations Environment Programme and the Executive Secretary of the United Nations Framework Convention on Climate Change.

2. In accordance with the procedure for miscellaneous documents, the submissions attached are reproduced in the language in which they were received and without formal editing.

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POSITION PAPER NO. 1

POSITION PAPER OF THE G-77 AND CHINA ON ISSUES BEFORE THE 8th SESSION OF THE SUBSIDIARY BODY ON IMPLEMENTATION, 2-12 JUNE 1998, BONN

GENERAL STRATEGIC APPROACH: THE CONVENTION CONTAINS THE BASIC PRINCIPLES WHICH GUIDE OUR DELIBERATIONS, AND OUR WORK AS THE SUPREME BODY OF THE CONVENTION, THE CONFERENCE OF THE PARTIES, IN PARTICULAR THE PRINCIPLE OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES. ON THIS IS BASED THE DELICATE BALANCE OF COMMITMENTS IN THE CONVENTION, AND ANY OTHER RELATED INSTRUMENTS.

THE ULTIMATE OBJECTIVE OF THIS CONVENTION AND ANY OTHER RELATED INSTRUMENTS, WHICH IS THE STABILIZATION OF GREENHOUSE GAS CONCENTRATIONS IN THE ATMOSPHERE, AT SUCH A LEVEL THAT WOULD:

- PREVENT DANGEROUS ANTHROPOGENIC INTERFERENCE WITH THE CLIMATE SYSTEM
- ALLOW ECOSYSTEMS TO ADAPT NATURALLY TO CLIMATE CHANGE;
- ENSURE THAT FOOD PRODUCTION IS NOT THREATENED; AND
- ENABLE ECONOMIC DEVELOPMENT TO PROCEED IN A SUSTAINABLE MANNER.

THE GROUP OF 77 AND CHINA WILL REMAIN CONSISTENT WITH THESE PRINCIPLES AND WORK TOWARDS THE ULTIMATE OBJECTIVE AS SET OUT IN THE CONVENTION, IN IMPLEMENTING THE CONVENTION.

THESE SESSIONS OF THE SUBSIDIARY BODIES OF THE FCCC ARE HELD TO PREPARE FOR THE FOURTH MEETING OF THE CONFERENCE OF THE PARTIES -

1. THE COP, IN ACCORDANCE WITH ART. 7.2, AS THE SUPREME BODY OF THE CONVENTION, SHALL KEEP UNDER REGULAR REVIEW THE IMPLEMENTATION OF THE CONVENTION AND ANY OTHER RELATED LEGAL INSTRUMENTS, AND TO MAKE THE DECISIONS NECESSARY TO PROMOTE THE EFFECTIVE IMPLEMENTATION OF THE CONVENTION.

2. IN KYOTO, WE ADOPTED **18 DECISIONS, TWO OF WHICH ARE RELATED TO THE KYOTO PROTOCOL, AND THE REST RELATED TO THE IMPLEMENTATION OF THE CONVENTION.** G-77 AND CHINA WILL ENSURE THAT COP4 WILL TAKE DECISIONS TO IMPLEMENT THE CONVENTION AND

WILL BE SUBMITTING DRAFT DECISIONS FOR THE ISSUES UNDER CONSIDERATION.

3. COP4 IS TAKING PLACE BEFORE THE END OF 1998 BECAUSE THE CONVENTION, IN ITS ARTICLE 4.2(D), STIPULATES THAT A "SECOND REVIEW OF 4.2(A) AND 4.2(B) SHALL TAKE PLACE NOT LATER THAN DECEMBER 1998, AND THEREAFTER AT REGULAR INTERVALS "TO BE DETERMINED BY THE COP UNTIL THE OBJECTIVE OF THE CONVENTION IS MET". THE ISSUE OF THE SECOND REVIEW IS NOW IN THE AGENDA OF COP4. G-77 AND CHINA WILL SUBMIT A DECISION FOR THE COP ON THIS SUBJECT.

4. THIS IS IN LINE WITH OUR GENERAL STRATEGY TO ENSURE THAT COP REVIEWS THE IMPLEMENTATION OF THE CONVENTION AS ITS PRINCIPAL TASK.

5. IN LINE WITH THIS GENERAL APPROACH, AND IN SBI, THE GROUP OF 77 AND CHINA WILL PURSUE DECISIONS ON THE PROVISION OF NEW AND ADDITIONAL FINANCIAL RESOURCES TO BE IDENTIFIED BY THE OPERATING ENTITY OF THE FINANCIAL MECHANISM, NOW THAT THE ANNEX TO THE MEMORANDUM OF UNDERSTANDING HAS BEEN APPROVED, IN ACCORDANCE WITH ARTICLE 11.3(D) AND ARTICLE 4.3 OF THE CONVENTION.

6. WE WILL ALSO PURSUE THE ISSUE OF TRANSFER OF TECHNOLOGY, ARTICLE 4.5 OF THE CONVENTION, AND DECISIONS 13/CP.1; 7/CP.2; AND 9/CP.3 OF THE THREE PREVIOUS COPS, WHICH HAVE BEEN VERY INADEQUATELY IMPLEMENTED SO FAR WE WILL ENSURE THAT THE NECESSARY GUIDANCE IS GIVEN TO THE OPERATING ENTITY OF THE FINANCIAL MECHANISM, SO THAT, AT LAST, THE PROVISION CONTAINED IN ARTICLE 11, PARAGRAPH 1 CAN BE OPERATIONALISED.

7. THESE DECISIONS STATE THAT AT COP3 AND AT EACH SESSION OF THE COP THEREAFTER, THE IMPLEMENTATION OF ART. 4.5 AND 4.1(C) OF THE CONVENTION WILL BE REVIEWED AS A SEPARATE AGENDA ITEM UNDER "MATTERS RELATING TO COMMITMENTS". WE WILL FOCUS OUR DECISIONS ON STRENGTHENING ENDOGENOUS CAPABILITIES AND INSTITUTIONAL CAPACITIES. WE THEREFORE REQUEST THAT THIS BE PUT ON THE AGENDA OF COP4 AS "MATTERS RELATING TO COMMITMENTS".

THE EXTREME RELEVANCE AND IMPORTANCE FOR THE G-77 AND CHINA OF ARTICLE 4.7 OF THE CONVENTION WHICH STATES THAT THE EXTENT TO WHICH DEVELOPING COUNTRIES WILL IMPLEMENT THEIR COMMITMENTS DEPEND ON THE EXTENT TO WHICH DEVELOPED COUNTRIES WILL IMPLEMENT 4.3 AND 4.5.

THE MAIN TASK REMAINS FOR COP TO IMPLEMENT ALL EXISTING COMMITMENTS; TO IMPLEMENT ALL THE DECISIONS THAT WE HAVE TAKEN SO FAR. WE WILL NOT BE DISTRACTED FROM THIS IMPORTANT TASK BY UNDEFINED NEW COMMITMENTS, WHICH ALMOST DERAILED THE NEGOTIATIONS IN KYOTO. WE SHALL INSTEAD EXAMINE HOW THE CLOSE INTERRELATIONSHIPS OF EXISTING COMMITMENTS UNDER THE CONVENTION WILL INDEED HELP COP TO MOVE FORWARD IN THE ACHIEVEMENT OF OUR OBJECTIVES.

POSITION PAPER NO. 2

POSITION PAPER OF THE GROUP OF 77 AND CHINA AT THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE 2 JUNE 1998, BONN

GENERAL STRATEGIC APPROACH: THE GROUP OF 77 AND CHINA REAFFIRMS THAT, IN THESE DISCUSSIONS, THE GROUP WILL CONTINUE TO BE GUIDED BY THE BASIC PRINCIPLES OF THIS CONVENTION, IN PARTICULAR THE PRINCIPLE OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES. THE GROUP WILL LIKEWISE CONTINUE TO UPHOLD THE BALANCE IN THE COMMITMENTS IN THIS CONVENTION AND IN ANY RELATED INSTRUMENT, AS IT HAS ALWAYS DONE.

THE COP IS FACED WITH ATTEMPTS TO UPSET AND DEFORM THIS DELICATE BALANCE, BASED ON SCIENTIFIC FINDINGS, ON ENVIRONMENTAL CONSIDERATIONS, AND ON EQUITY. A PROTOCOL WAS ADOPTED IN KYOTO, A PROTOCOL WHICH IS FOCUSED ON THE STRENGTHENING OF COMMITMENTS OF ANNEX I COUNTRIES, FOUND TO BE INADEQUATE IN BERLIN IN 1995. THIS IS IN LINE WITH THE PRINCIPLES AND OBJECTIVE OF THE CONVENTION.

1. IT IS NECESSARY THAT COP ENSURES THAT THE KYOTO PROTOCOL ENTERS INTO FORCE AS EARLY AS POSSIBLE, AND FOR THERE TO BE A CLEAR PROOF THAT IT IS IMPLEMENTED, PRIOR TO ANY OTHER MOVES TO DISTRACT THE COP FROM THIS ESSENTIAL TASK OF THE IMPLEMENTATION OF THE CONVENTION. MANY MEMBERS OF G-77 AND CHINA HAVE SIGNED THE PROTOCOL. IN THIS SBSTA, THE GROUP OF 77 AND CHINA WILL FOLLOW CLOSELY THE DECISIONS TAKEN IN KYOTO, DECISIONS 1 AND 2/CP.3 ON WHAT TO TAKE UP INSOFAR AS THIS PROTOCOL IS CONCERNED.

2. DEVELOPING COUNTRIES HAVE COMMITMENTS UNDER THIS CONVENTION. NATIONAL COMMUNICATIONS ARE THE FIRST OF THESE COMMITMENTS, AND WE HAVE MOVED TO IMPLEMENT THIS COMMITMENT.

3. WE CONTINUE TO ADVANCE IN THE IMPLEMENTATION OF THESE COMMITMENTS UNDER THE KYOTO PROTOCOL, AS THE CONTRIBUTION OF DEVELOPING COUNTRIES TO THE ACHIEVEMENT OF THE ULTIMATE OBJECTIVE OF THE CONVENTION. THESE CONTRIBUTIONS OF THE G-77 AND CHINA ARE CONTAINED IN ARTICLES 10, 11 AND 12 OF THE PROTOCOL.

4. IN KYOTO, AND IN THE NEGOTIATIONS LEADING TO KYOTO, THE GROUP OF 77 AND CHINA HAVE SHOWN HOW MUCH DEVELOPING COUNTRIES ARE DOING TO ADDRESS CLIMATE CHANGE, AND TO MEET THE ADVERSE EFFECTS OF CLIMATE CHANGE.

WE WERE HOWEVER EXTREMELY DISAPPOINTED WITH THE VERY LOW TARGETS AGREED UPON IN KYOTO. WE THEREFORE FEEL THAT THE TIME HAS COME FOR US TO FACE SQUARELY, AND AS A LEADING PRIORITY, THE NEED TO ADDRESS ADAPTATION AND TO STUDY THE IMPACTS OF RESPONSE MEASURES AGREED UPON IN THE KYOTO. THESE ITEMS ARE IN THE AGENDA BEFORE US IN THESE SESSIONS. THESE ARE MOVES TOWARD AN EFFECTIVE IMPLEMENTATION OF THE CONVENTION.

5. WE WILL PURSUE THE ISSUE OF TRANSFER OF TECHNOLOGY IN THIS SUBSIDIARY BODY, AND THE DECISIONS TAKEN BY THE COP WHICH HAVE BEEN VERY INADEQUATELY IMPLEMENTED SO FAR. THIS INCLUDES THE ESTABLISHMENT OF THE INTERGOVERNMENTAL TECHNICAL ADVISORY PANELS, ESSENTIAL FOR THE EFFECTIVE FUNCTIONING OF THIS SUBSIDIARY BODY, AND TO LOOK INTO ADAPTATION MEASURES TOGETHER WITH THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE.

6. THE FIRST TWO OF THE 18 DECISIONS TAKEN IN KYOTO REFER TO THE KYOTO PROTOCOL. THE G-77 AND CHINA WILL, IN ITS USUAL MANNER, PARTICIPATE CONSTRUCTIVELY AND IN GOOD FAITH IN THE DISCUSSIONS OF THESE TWO DECISIONS. THE GROUP STRONGLY FEELS THAT IN ORDER FOR US TO MOVE FORWARD EFFECTIVELY, **THE METHODOLOGICAL ISSUES HAVE TO BE ADDRESSED AS A FIRST PRIORITY**. IT IS CLEAR THAT THE DECISIONS HAVE BEEN MADE BY THE COP TO DEAL WITH METHODOLOGICAL ISSUES BEFORE ANYTHING ELSE. THIS STANDS TO REASON, BECAUSE FORM FOLLOWS SUBSTANCE, AND ALL THE OTHER DECISIONS WOULD HAVE TO BE TAKEN BY THE COP/MOP, WHICH WILL ONLY MEET WHEN THE KYOTO PROTOCOL ENTERS INTO FORCE.

7. METHODOLOGICAL ISSUES OF OTHER ITEMS IN THE AGENDA FOR THESE SESSIONS WOULD ALSO HAVE TO BE DISCUSSED, INCLUDING FOR SUCH ISSUES AS THE IMPLEMENTATION OF ARTICLE 6 OF THE CONVENTION ON EDUCATION, TRAINING AND PUBLIC AWARENESS; AS WELL AS THE CONSIDERATION OF ARTICLES 4.8 AND 4.9, IMPACTS OF RESPONSE MEASURES AND MINIMIZING ADVERSE EFFECTS. WE REQUEST THE INCLUSION OF AN ITEM IN SBSTA'S AGENDA ON METHODOLOGICAL (UNDER OTHER MATTERS) OF ARTICLES 4.8 AND 4.9 OF THE CONVENTION.

8. THE GROUP WOULD LIKE TO RECAPITULATE THE IMPORTANCE OF ARTICLE 4.7 OF THE CONVENTION TO DEVELOPING COUNTRIES. ARTICLE 4.7 STATES THAT THE EXTENT TO WHICH DEVELOPING COUNTRIES WILL IMPLEMENT THEIR COMMITMENTS DEPEND ON THE EXTENT TO WHICH DEVELOPED COUNTRIES WILL IMPLEMENT THEIR OWN COMMITMENTS RELATED TO PROVISION OF FINANCIAL RESOURCES AND TRANSFER OF TECHNOLOGY, TAKING INTO ACCOUNT THAT THE FIRST AND OVERRIDING PRIORITIES FOR DEVELOPING COUNTRIES ARE ECONOMIC AND SOCIAL DEVELOPMENT AND POVERTY ERADICATION.

9. IT SHOULD ALSO BE MADE CLEAR THAT THE GROUP IS NOT IN FAVOUR OF ANY ENTITY OUTSIDE THE CONVENTION PROCESS TO DEAL WITH IN ANY MANNER WITH THIS MECHANISM BY ESTABLISHING ANY NEW BODIES. ONLY THE COP IS MANDATED TO DO THIS.

10. THE GROUP IS OF THE VIEW THAT THE CDM, AS PROPOSED BY THE G-77 AND AGREED BY CONSENSUS, IS FIRST AND FOREMOST A MECHANISM TO PROMOTE SUSTAINABLE DEVELOPMENT, RATHER THAN MERELY A MARKET-BASED MECHANISM. A BALANCE MUST BE ACHIEVED BETWEEN THE OBJECTIVE SET OUT FOR ANNEX I COUNTRIES, THAT OF OBTAINING CERTIFIED EMISSION REDUCTION UNITS, AND THE OBJECTIVE OF NON-ANNEX I COUNTRIES IS TO ACHIEVE SUSTAINABLE DEVELOPMENT, AS SET OUT IN ARTICLE 12.2 OF THE PROTOCOL. THIS ARTICLE IS VERY CLEAR, AND NO CONFUSION IS POSSIBLE.

11. THE DETERMINATION OF THE METHODOLOGICAL ISSUES AND THE SUBSEQUENT MODALITIES MUST REMAIN IN THE HANDS OF THE SUPREME BODY OF THE CONVENTION, THE COP AND ITS SUBSIDIARY BODIES, AS WELL AS THE IPCC WHICH PROVIDES THE COP WITH SCIENTIFIC AND TECHNICAL ADVICE, THROUGH SBSTA.

12. PRIORITIES MUST BE GIVEN TO CONVENTION-BASED ITEMS IN THESE MEETINGS. THIS IS THE TASK OF THE COP. WE MUST ABIDE BY THE DECISIONS TAKEN AT KYOTO ON THE WORK OF THESE SUBSIDIARY BODIES. THE BALANCE OF THE CONVENTION, BASED ON THE PRINCIPLES OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES MUST BE MAINTAINED. THE GROUP OF 77 AND CHINA WILL TAKE THIS APPROACH IN THESE DISCUSSIONS.

POSITION PAPER NO. 3

POSITION PAPER OF THE GROUP OF 77 AND CHINA ON ISSUES TAKEN UP AT THE JOINT SESSION OF THE SBI/SBSTA ON MECHANISMS OF THE KYOTO PROTOCOL

1. THE GROUP OF 77 AND CHINA REITERATES THE PRINCIPLES WHICH GUIDE US IN THIS CONVENTION, IN PARTICULAR THE PRINCIPLE OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES. UNDER THIS PRINCIPLE, DEVELOPED COUNTRIES MUST TAKE THE LEAD IN MODIFYING LONGER-TERM TRENDS IN ANTHROPOGENIC EMISSIONS CONSISTENT WITH THE OBJECTIVE OF THE CONVENTION.

2. THIS IS WHAT WE ADOPTED IN KYOTO AS A FIRST STEP, THE KYOTO PROTOCOL RENDERING ADEQUATE THOSE COMMITMENTS FOUND TO BE INADEQUATE IN 1995 IN BERLIN. THIS WAS THE FOCUS OF THE WORK WE DID IN KYOTO, TO STRENGTHEN COMMITMENTS OF DEVELOPED COUNTRY PARTIES AS THE FIRST IN A SERIES OF REVIEW OF ADEQUACY OF COMMITMENTS.

THE SECOND REVIEW, IN ACCORDANCE WITH THE CONVENTION, WILL TAKE PLACE AT THE FOURTH MEETING OF THE CONFERENCE OF THE PARTIES, BEFORE THE END OF 1998.

3. THE PROTOCOL CONTAINS SOME MECHANISMS FOR "OVERSEAS COMPLIANCE" WITH THE TARGETS, IN PARTICULAR ONE WHICH WAS BASED ON A PROPOSAL BY THE GROUP OF 77 AND CHINA, THE CLEAN DEVELOPMENT MECHANISM.

4. NEW MECHANISMS BRING ABOUT NEW UNCERTAINTIES, TECHNICAL AS WELL AS POLITICAL, WHICH WE HAVE TO SETTLE BEFORE WE DISCUSS ANY ACTIVITIES UNDER THESE MECHANISMS. THERE IS A NEED FOR US TO COME TO A COMMON UNDERSTANDING ON WHAT THESE MECHANISMS ARE AS DEFINED IN THE PROTOCOL, TO STUDY THE METHODOLOGICAL ISSUES OF EACH, THEIR DIFFERENCES AND THEIR COMMON CHARACTERISTICS, BEFORE WE COME TO A DETERMINATION OF ANY MODALITIES. THESE MODALITIES WOULD BE DETERMINED, IN ACCORDANCE WITH THE PROVISIONS OF THE RELEVANT ARTICLES BY THE COP SERVING AS THE MEETING OF THE PARTIES.

5. WE HAVE TO PROCEED ON A STEP-BY-STEP BASIS ON MECHANISMS IN A PROTOCOL THAT HAS YET TO ENTER INTO FORCE IN THE FIRST PLACE. ADOPTION OF A PROTOCOL IS A LONG WAY FROM TAKING THE LEAD IN MODIFYING LONGER-TERM TRENDS BY DEVELOPED COUNTRIES. AS STATED IN THE CONVENTION, POLICIES AND MEASURES WILL HAVE TO

DEMONSTRATE THAT INDEED DEVELOPED COUNTRIES ARE TAKING THE LEAD ON THIS MATTER.

6. THESE MECHANISMS ARE SUPPLEMENTAL TO DOMESTIC ACTION. LET US FIRST SEE PROOF OF WHAT IS ACHIEVED BY DOMESTIC ACTION, THEN DETERMINE COMPLIANCE WITH THIS ACTION, BEFORE ADDING THE "SUPPLEMENT". IN THE MEANWHILE, WE HAVE IMPORTANT ACTIVITIES TO UNDERTAKE IN IMPLEMENTATION OF THE CONVENTION, AS WE HAVE ARTICULATED THIS MORNING BEFORE THE TWO SUBSIDIARY BODIES.

7. THE GROUP IS BECOMING INCREASINGLY ALARMED AT THE VARIOUS INTERPRETATIONS THAT HAVE BEEN GIVEN TO THE CLEAN DEVELOPMENT MECHANISM. THE CDM IS NOT A "CLEANER PRODUCTION MECHANISM", NOR IS IT TO BE ASSIMILATED TO A "GLOBAL CARBON INITIATIVE OR FUND," PROTOTYPE OR OTHERWISE, OR ANY OTHER SUCH SCHEMES. TO CALL THIS A MECHANISM FOR COOPERATIVE IMPLEMENTATION IS LIKEWISE INCORRECT, AS WE HAVE POINTED OUT EARLIER. THESE ARE MECHANISMS OF THE KYOTO PROTOCOL AND SHOULD BE REFERRED TO AS THAT, WITHOUT ANY QUALIFIERS WHICH PREJUDGE THEIR NATURE.

8. WE WOULD URGE THOSE ENTITIES OUTSIDE THE CONVENTION SEEKING TO DEFINE THE CDM THROUGH THESE TERMS TO BE GUIDED BY WHAT THE CONFERENCE OF THE PARTIES AGREED IN THE CONVENTION AND IN THE PROTOCOL. WE WOULD CALL ON THEM TO REFRAIN FROM MISLEADING THEMSELVES AND OTHERS, AS THIS WILL SERVE NO USEFUL PURPOSE AND WILL ONLY HINDER RATHER THAN ASSIST FORWARD MOVEMENT. WE DO NOT WELCOME THEM, SINCE THEY SERVE TO CONFUSE THE PENDING DISCUSSIONS BY THE ONLY BODY MANDATED TO DISCUSS THESE ISSUES, THE CONFERENCE OF THE PARTIES.

9. IT SHOULD ALSO BE MADE CLEAR THAT THE GROUP IS NOT IN FAVOUR OF ANY ENTITY OUTSIDE THE CONVENTION PROCESS TO DEAL WITH IN ANY MANNER WITH THIS MECHANISM BY ESTABLISHING ANY NEW BODIES. ONLY THE COP IS MANDATED TO DO THIS.

10. THE GROUP IS OF THE VIEW THAT THE CDM, AS PROPOSED BY THE G-77 AND AGREED BY CONSENSUS, IS FIRST AND FOREMOST A MECHANISM TO PROMOTE SUSTAINABLE DEVELOPMENT, RATHER THAN MERELY A MARKET-BASED MECHANISM. A BALANCE MUST BE ACHIEVED BETWEEN THE OBJECTIVE SET OUT FOR ANNEX I COUNTRIES, THAT OF OBTAINING CERTIFIED EMISSION REDUCTION UNITS, AND THE OBJECTIVE OF NON-ANNEX I COUNTRIES IS TO ACHIEVE SUSTAINABLE DEVELOPMENT, AS SET OUT IN ARTICLE 12.2 OF THE PROTOCOL. THIS ARTICLE IS VERY CLEAR, AND NO CONFUSION IS POSSIBLE.

11. THE DETERMINATION OF THE METHODOLOGICAL ISSUES AND THE SUBSEQUENT MODALITIES MUST REMAIN IN THE HANDS OF THE SUPREME BODY OF THE CONVENTION, THE COP AND ITS SUBSIDIARY BODIES, AS WELL AS THE IPCC WHICH PROVIDES THE COP WITH SCIENTIFIC AND TECHNICAL ADVICE, THROUGH SBSTA.

12. PRIORITIES MUST BE GIVEN TO CONVENTION-BASED ITEMS IN THESE MEETINGS. THIS IS THE TASK OF THE COP. WE MUST ABIDE BY THE DECISIONS TAKEN AT KYOTO ON THE WORK OF THESE SUBSIDIARY BODIES. THE BALANCE OF THE CONVENTION, BASED ON THE PRINCIPLES OF COMMON BUT DIFFERENTIATED RESPONSIBILITIES MUST BE MAINTAINED. THE GROUP OF 77 AND CHINA WILL TAKE THIS APPROACH IN THESE DISCUSSIONS.

POSITION PAPER NO. 4 - INDONESIA
(on behalf of the Group of 77 and China)

**RESPONSE OF THE GROUP TO THE PROPOSALS OF THE EXECUTIVE
DIRECTOR OF UNEP AND THE EXECUTIVE SECRETARY OF THE FCCC TO
THE JOINT SESSION OF THE SBI AND SBSTA ON AGENDA ITEM 8**

1. The Group of 77 and China do not support the establishment of an intergovernmental body on economic instruments for environmental conventions as proposed by the Executive Director of UNEP for the following reasons:

i) Working Group III (WGIII) of the Intergovernmental Panel on Climate Change (IPCCC) already deals with all of the issues that could conceivably be covered by such a Panel. In addition, WGIII, which will have a key role to play in the development of the IPCC's Third Assessment Report, provides an interdisciplinary approach with the participation of outstanding professionals from both developed and developing countries in the technical and social sciences fields including economics;

(ii) a key recommendation of the 1992 United Nations Conference on Environment and Development (UNCED), the so-called "Earth Summit" was that there should be no new institutions;

(iii) UNEP in partnership with WMO is a host institution of the IPCC. Rather than strive to create another new institution that would only duplicate work already carried out elsewhere, UNEP would be better serve to allocate its increasingly scarce resources to the efforts of the IPCC in general and its Working Group III in particular;

(iv) Developing countries are already making a big effort to participate in the meetings of the IPCC; they will not have the manpower or resources to participate in the work of another intergovernmental body.

2. The Group of 77 and China do not support the suggestion of the Executive Secretary that the SBSTA invite UNEP to address issues relating to land use change and forestry that cut across the Kyoto Protocol and other legal instruments, since this would be covered by the IPCC in either its Special Report or its Third Assessment Report.

3. Decisions on the allocation of work to organizations outside the Convention process can only be made under the authority of the Conference of the Parties as the supreme body of the FCCC and its Kyoto Protocol.

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