

Thus, an important task of the analysis and assessment phase will be to elaborate further the concept of *equitable and appropriate contributions* (or *fair distribution of costs* or *burdensharing* or whatever label one chooses to address this pivotal issue).

In our opinion, it would in this respect be useful to draw on the competence of the OECD. OECD should be requested by the AGBM to extend its work in this field (GREEN- model work, Common Action project) and initiate a project particularly related to the costs of action in different countries.

Norway would certainly like to contribute to the further process on this issue. We are on a national level preparing some projects with the aim to identify potential challenges related to the idea of "burdensharing"/"a fair distribution of the costs," and suggestions as to how these challenges could be met. Two pre-studies have been carried out by two Norwegian institutions, ECON Energy and CICERO (Center for International Climate and Environmental Research). (Report no. 305/95 "Burden sharing in climate policy: Survey of abatement cost studies" and Working Paper 1995:2 "Aspects of burden-sharing of common action to mitigate climate change"). A third pre-study, "The political feasibility of introducing the concept of "critical economic loads" in burden sharing discussions between OECD countries," carried out by The Fridtjof Nansen Institute, Norway, will soon be finalized.

We are enclosing the outline of a more extensive project on "Exploring distribution of commitments- a follow-up to the Berlin mandate" being prepared by CICERO. We will do our best to ensure that relevant working papers as well as the main report will be finalized in due time to be a useful input in the AGBM- process.

*(ii) The need for cost-effective, coordinated economic instruments*

The Berlin Mandate specifically asks that consideration be given to the possibilities for coordinating policy instruments (section II, paragraph 2d). In the Norwegian view, the need for cost-effective measures is the main reason why coordinated economic instruments as well as the concept activities implemented jointly (AIJ) will be of importance in a new agreement. In this respect, we would like to refer to the work being carried out for Annex I countries by the Joint OECD/IEA project on national communications relating to Policies and measures for "common action." The AGBM should carefully go through the outline of this work in parallel with considering the need for additional projects in this field, carried out in cooperation with the OECD or other institutions.

Norway introduced a specific CO<sub>2</sub> tax in 1991. Certain changes in rates and bases have been made since the introduction, due partly to environmental concerns, but mainly due to the competitiveness of Norwegian industry. In this respect, the development of Norwegian CO<sub>2</sub> taxes may illustrate the problem of a small open economy trying to be in the fore-front in applying economic instruments for environmental protection. If other countries do not follow suit in imposing CO<sub>2</sub> taxes, it would obviously affect the cost competitiveness of the country imposing