

against common policies and measures and for a simple menu, or list, of actions that countries were taking to address climate change. The EU continued to promote their Annex approach which would include a limited number of mandatory of policies and measures for all Annex 1 countries and a longer list of coordinated measures.

5. On qelros, the objective of most parties was to keep their ideas on the table and in the legal text for June 1. Interventions were, for the most part, uncontroversial as negotiation per se of sections was not undertaken. Candel focussed on intervening where the compilation document did not include elements of our position and did not repeat items which were already included in others' submissions. Specifically, the three issues Canada raised for inclusion were multi-year baselines and targets, quantified legally binding commitments quote on the understanding that flexibility elements including location and temporal opportunities, are available to Parties to meet their objectives unquote, and that qelros be quote credible, realistic, verifiable, enforceable and can be achieved cost-effectively unquote.

6. On differentiation, a half day round table was held, chaired by Malaysia (Chow Kok Kee), which addressed a great deal more than just a reiteration of proposals. Discussion was quite heated, as the EU position on targets and internal burden sharing had been released the day before and was used by proponents of differentiation as an example of how the concept could in fact be realized and on how broad the range of commitments. The Japanese Ambassador was uncharacteristically blunt, calling the EU position for internal differentiation but against broader Annex 1 differentiation as quote discriminatory unquote. The European Commission and Germany emphasized their view that the EU is unique as a regional economic entity (quote joint commitment and a joint implementation unquote) and how EU countries split their joint qelro is their own business and was an internal political decision among EU members. During the discussion, those supportive of differentiation argued that a flat rate would produce a lower target (quote law of the least ambitious actor unquote), whereas USA suggested focussing on setting a flat rate target and then using trading to reduce costs. Nevertheless, as Japan noted and the EC agreed, that if they had to come up with a flat rate target for all EU countries, it would not have been as great as a 15% reduction. However it was also clarified that such a target was only possible because a few countries (Germany and Denmark) were willing to commit to a larger share of the burden than other member states. Those against differentiation, Germany and USA in particular, raised their concern that there is not enough time to negotiate differentiated targets before CoP 3 and there are different views on criteria for differentiation of targets and timetables. Proponents argued that differentiation is indispensable for any agreement at CoP 3. Of note was a final comment by the EC representative who, when asked if a similar burden sharing could be applied within an Annex 1 bubble, answered no and further, the EU qelro would be legally binding but the burden sharing would not/not be legally binding on the individual EU country as will be the commitments by other annex 1 countries. Although there was no discussion on this, many Parties including Canada took note with particular interest this interpretation.

7. G-77 and China under pressure from OPEC countries continued their insistence that a compensation mechanism be established for possible impacts (socio-economic injuries) on developing countries as a result of new commitments by developed countries.