

compensation mechanism. However, they did succeed with respect to make a reference to the principle of compensation under the dispute settlement provision. On the relationship between the Protocol and other agreements, the Australian proposal, supported by Canada and US, that the Protocol not derogate from other existing international agreements, (in particular, the GATT) was strongly opposed by the EU as a subordination of the Protocol to all other Treaties.

21. Preamble: The working group also spent an inordinate amount of time on the preamble establishing the context for the new instrument. OECD countries favoured a brief and concise preamble, while others wanted it to make a variety of different statements ranging from framing the issue of climate change, to summarizing responsibilities and elaborating special considerations of different groups of countries.

22. On entry into force, Japan proposed a "double trigger" whereby entry into force would require at least 50 countries ratifying constituting at least 75 percent of Annex I emissions. The US proposed that the percentage cover global emissions to include big developing country emitters (but possibly not the USA!). The EU stated that it would not support any proposal based on ghg emissions, as it would introduce too many uncertainties. They would prefer 30 - 50 Parties ratify before entry into force. OPEC disingenuously proposed that all Parties need to ratify before the agreement came into force.

23. Compliance: One of the most important elements addressed by this group are issues related to compliance. OECD Parties have made good progress in developing a coordinated approach in defining a package of elements related to information, review and compliance. The USA proposed that Parties table their domestic implementation strategies to which they would be held accountable. USA proposed non-compliance penalties include a suspension of voting rights and of rights to trade emissions. The EU has not yet developed a solid position types of penalties, and trade measures have not been proposed (with several countries, including Canada, placing preliminary markers down opposing the notion in this case.) The notion of incentives received broad based support (including by Canada) but possible specifics did not emerge. While progress was registered in outlining the elements of a possible regime, there still exists a dearth of proposals on specific compliance instruments. It was recognized that more work needs to be done in this area.

24. AG 13: During the fifth session of AG13, the Chair initially conducted the discussion on the basis of Annex II of the Report for the last session. This Annex is a compilation text on a possible Multilateral Consultative Process (MCP), which reflects points raised, as well as areas of convergence and divergences. However, in part due to the short session, the discussion was limited to paragraphs 1 to 6 that relate to establishment,