

that the procedural 6 month rule should not be interpreted as a bar to adoption of a protocol. Further development of this item must be preceded by some movement on the type of commitments that could be made.

17. Strengthening Commitments in Article 4.2(a) and (b): items for discussion under this heading included Policies and Measures (P&Ms), Quantified Emission and Limitation Objectives (QELROs), possible impacts on developing countries of new Annex 1 commitments. Open roundtables on all three topics as part of the official agenda of the AGBM, kicked off the discussion.

18. P&Ms roundtable debate focussed on the pros and cons of mandatory harmonized P&Ms (annex 1 of the EU proposed menu) versus an optional list of individual P&Ms (the U.S.A. proposed menu). The U.S.A. continues to be clear that, in its view, no single set of P&Ms could apply to all countries given divergent circumstances -- individual governments should choose P&Ms based on their own circumstances. The EU stated that a coordinated/mandatory approach would enhance progress by reducing participants' opportunity costs -- non-mandatory P&Ms would be ineffective. Examples of possible coordinated P&Ms included: renewable energy development, product standards, measures in energy intensive industry sectors, fiscal and economic measures, and international air and marine transport. There was also discussion of quote no-regrets unquote measures.

19. The QELROs roundtable also highlighted that there remain many conflicting ideas and approaches. Germany reiterated support for large reductions (10% by 2005 and 15-20% by 2010). Existing efforts of a non-compliance nature were seen as ineffective and a purely cost-benefit approach would lead to further inaction. On the other side, Australia's MEGABARE presenter and others questioned the feasibility of a uniform reduction target or suggested that it was too early to draft conclusions on actual reduction levels without an assessment of costs and benefits. There were also some supporting differentiation and others a uniform objective, although many agreed that recognizing differing circumstances was essential to achieving QELROs. There appeared to be a great deal of support for single party versus multi-party obligations.

20. The final roundtable on possible impacts on developing countries, was a late addition to the agenda. Saudi Arabia opened the session noting that more than 80 developing countries would be adversely affected by mitigative efforts in Annex 1 countries. There was some discussion that imposing only quote punitive unquote measures such as carbon taxes, would have a disproportionate effect on developing country economies, especially those dependent upon oil. On the other side of the discussion, illustrated by the Philippines, it was noted that economic and environmental costs of climate change (i.e. inaction) would be much greater than short-term costs of actions by Annex 1 countries. It was argued that the need to take action can stimulate technology innovation, increasing economic and welfare gains. Some, including developing countries, acknowledged that actions for dealing with climate change would have to eventually be taken also by