

threshold before the protocol would enter into force, i.e. a specific number of countries comprising a defined percentage of global emissions would have to ratify. This is particularly important for Canada since we would not want to find ourselves in the situation where the protocol would be operational before the United States had ratified.

**Developing Country Commitments:** Little progress was seen, as developing countries continue to insist that the Berlin Mandate does not include new commitments for them. The United States has tried to make the proposition more attractive by emphasizing the voluntary aspects of its graduation proposal. However, there are positive signs that some developing countries see commitments as a possibility, provided adequate recognition is given to their low level of emissions historically, their need for economic development, and likely conditional upon further financial resources from OECD countries.

**Differentiation:** There was little official discussion of differentiation, as the non-group on QELROs did not really get to the issue of "distribution" of commitments. However, the idea does seem to be making some progress in the corridors. A variety of proposals is still on the table, but there are growing doubts that any formula-based approach could be found that would satisfy all parties. If at all, it is more likely to be undertaken on a negotiated basis, perhaps along the lines of the Australian proposal. However, several delegations have suggested that there can be no consideration of differentiation until specific targets are on the table.

**Proposal by Brazil:** The proposal put forward by Brazil was something of a wild card and not well understood. It contains ambitious reduction targets, but also proposes the development of quantitative targets for non-Annex 1 countries as they reach appropriate levels of well-being. Its suggestion of a fund to provide financing for greenhouse gas mitigation in developing countries is sure to be controversial, given that the fund is tied to the level of non-compliance in Annex 1 Parties. Also of interest is the proposal to tie targets for developed countries to their historical levels of emissions, which potentially could be more favourable for Canada.

It is important to note that at this point in the UN negotiating process, a slim negotiating text with some square brackets should already be on the table. Moreover, negotiations on remaining issues should be well underway. At previous international negotiations, such as the Montreal Protocol, the process at this stage had already dealt with all but a few contentious issues and they were proposed for consideration at the ministerial level by the COP. However, the climate change negotiations have a history of being high pressure, last minute affairs. If the Chairman is not successful in narrowing the process and issues at AGBM-8, there simply will be too many important matters requiring decisions in Kyoto. Such high expectations are a recipe for a highly volatile and pressure-packed COP-3.