

~~From Norway~~ → on behalf of UG.

Mr Co-Chairman,

Mr. Co-Chairman, we welcome the intervention of India on behalf of G77 and China, and we appreciate the hard work they have undertaken over the last few days to present their views on key issues to be addressed. After having heard the number of questions posed, it strikes us that many of them are along the same lines as those that have been in the two trading papers that have been put forward. This should provide a good basis for engaging in a focussed and solution-oriented exchange of views. We welcome this progress and believe it is important to build on what we have already agreed to in Kyoto.

We all agreed to a package in Kyoto, a hard won package where all elements are interlinked with each other. We are convinced that the agreement on the flexible mechanisms allowed us to take on more ambitious commitments than would otherwise have been possible. We see the mechanisms as being derived from the principle of Article 3 paragraph 3 in the Convention, which says that "policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible costs".

While the mechanisms were agreed, the language left a number of tasks to be sorted out before they are operationalized, and the implications of a ratification are clear for our governments. Advancing these issues was entrusted by COP 3 to this SBI/SBSTA session. This will encourage early ratifications and entry into force of our Protocol, which is what we all want. We should not make these tasks unnecessarily complicated, but work on those issues that were assigned to us by COP 3 and that we have to solve in an expedient and prioritized manner. In cooperation with other countries we have tried to do this via. through developing a paper on emissions trading. We also welcome constructive elements in the paper tabled by the "EU plus eleven" group of countries.

Mr. Co-Chairman, we should not spend time trying to reopen issues that were agreed in Kyoto. Such an issue is the issue of a quantitative cap to ensure complementarity. This proposal was with us the whole time in Kyoto, but was finally rejected. We all recognize the need to take domestic actions, which we are committed to both in the Convention itself and will be through the Kyoto Protocol. Domestic action should, however, be assessed in a qualitative way through the reporting and review procedures of the national communications. The Convention process has proved that we are indeed taking action, and new initiatives are under way. Already in April my government made a number of proposals in a report to Parliament, focussing on domestic action as a follow-up to Kyoto.

Mr. Chairman, notwithstanding the impracticability of constructing a quantitative cap on the use of flexible mechanisms, we believe that a cap would seriously affect the workability of these mechanisms. It could, for example, lead to less CDM projects being realized, and thus less projects for sustainable development and adaptation in developing countries. A effective flat cap on trading would also entail different