

untenable but that a multiple formula or a negotiate approach may be more realistic. Canada accordingly participated in a small contact group chaired by Switzerland on this issue along with countries which have specific differentiation proposals, and secured our principal objectives. Group reached agreement on the terms of Annex C to the Protocol, which now lists factors which countries may take into account in presenting their national circumstances for their differentiated target. Canada played a facilitating role.

9. While loose agreement was reached on relevant articles in the agreement on differentiation amongst differentiators, the EU and the US continued to express strong opposition to differentiation; G-77 is also proposing a flat rate approach. Although they allowed inclusion of relevant articles, annexes and attachments in the negotiating text, it was also clear that they are not any more open to its inclusion in the final agreement at Kyoto. There also remain divisions among the differentiation group. Some countries promoted the view that countries should only differentiate from a uniform base percentage rate of reductions (thereby ensuring that all countries, regardless of their differentiated target) would still reduce their emissions, one pressed for a minimum target for all Parties in the differentiation group, which made reaching conclusions a significant challenge. End result is that the concept of differentiation is in the text in a sensible form, and is left as a possible alternative approach in Kyoto. Norway, like Canada, made efforts to ensure that the text was flexible enough to accommodate a range of possibilities and that it would not be prescriptive.

10. Sinks: Despite large number of discussions on this issue, there remain a number of unresolved issues related to whether or not sinks should be included in QELROs in the first, and subsequent budget periods. For those Parties that have advocated exclusion, of primary concern are issues related to the net approach, the uncertainties associated with the methodologies and the definition of anthropogenic. Although late in the day, there is intense interest and a willingness on the part of most Parties to try to reach agreement on how best to include sinks in the Kyoto Protocol. The plethora of discussions have enhanced understanding on all sides. Given this desire to build on the progress made thus far, a consultation group of interested Parties has been tasked with providing the FCCC secretariat with comments on a number of specific questions on sinks, which will be used to produce a "non-document" prior to Kyoto. This paper would outline the concerns of Parties and ways to move forward in defining the inclusion of sinks and will be developed intersessionally for input to the Secretariat on November 12. This group will resume discussions on November 30 in Kyoto.

11. Coverage & Methodologies: Discussions focused on how to specify what gases and sources & sinks should be included in the Protocol, including through a technical working group tasked with work on the annex specifying gases and on global warming potentials (GWPs). Concerns focussed on two issues: the additional uncertainties introduced by using GWPs to compare different gases for which there are significant differences in emission certainties, and the question of