

that reforestation, afforestation and deforestation involve a change in land use (my reasons for this interpretation are set out in the attached memo to Art Jaques.), and to ensure a balanced approach to inclusion of sinks (e.g. ensuring counting of emissions from harvesting in areas that were previously counted in the reforestation removals category). Definitions of "afforestation", "reforestation" and "deforestation" that go beyond clarifying that these concepts relate to changes in land use may be difficult without awaiting the IPCC Special Report. According to some of the experts I have spoken to, operational definitions of those terms could pre-suppose a certain methodological approach and thus be in conflict with the need for verifiability of changes in carbon stock. This may be the rationale behind EU resistance to defining the terms, but I am not convinced that it precludes broad brush definitions.

Agricultural Soils. Canada's presentation regarding soil sequestration underlined the benefits of soil sequestration, but what was less successful in dealing with the EU's and environmentalists' most salient concern regarding uncertainty in measurement and the concern that gains in sequestration levels may be reversed as a result of climate change. To move this issue forward Canada will need to concentrate on quantification and deal with the risk that reversals of sequestration levels may make nations unwilling to adopt tougher commitments in the future or impact on nations' ability to comply.

Inclusion of Sinks under 3.4 Although Canada has generally supported an inclusive approach to sinks, given the terms of the Kyoto Protocol, we will likely only succeed in including non-3.3 sinks in a manner that guards against Annex B Nations being able to count their substantial overall net sink from the LUCF category during the commitment period (during 1990 this was equal to 8% of gross emissions) while ignoring this sink in the 1990 baseline year. I expect the only way to do this is to count removals on a project basis or to count removals relative to a "business as usual" baseline.

Reversibility. There are a number of warnings from the scientific community that forests and soils could shift from being a net sink to a net source over the next few decades, thus reversing the accumulation of carbon in sinks. Canada should ensure that nations are responsible for any reversal in sequestration levels in carbon reservoirs they have counted under paragraphs 3.3 or 3.4. Further inclusion of sinks is also likely to be fiercely resisted if there is a perception that reversals of sequestration levels may make nations unwilling to adopt tougher commitments in the future or impact on nations' ability to comply. One means of dealing with these issues is to support a heavy discounting of credits from sequestration projects. Canada should ensure that the IPCC Special Report deals with the risks of sequestration reversals and the impacts reversals have on nations' ability or willingness to comply. Such a report would also help in setting domestic policy regarding sinks.

## Trading

West Coast Environmental Law has consistently supported international emissions trading provided the system of trading has integrity and does not compromise the environmental