

being in the chair position. OECD countries took every opportunity elsewhere to register concerns about the approach and even G-77 solidarity began to crack by the end of the session. Nonetheless, Annex 1 parties will need to come up with creative ways of addressing this question, perhaps by steering it away from compensation to technical and financial transfers under the Convention.

14. Measurement, reporting and communication of information: While there are alternative texts still on the table, there is a strong convergence amongst Annex 1 Parties that a transparent and credible reporting regime needs to be put in place so that all Parties can be assured of the extent to which other Parties are taking appropriate actions to meet their commitments.

15. Policies and Measures: While the text on Policies and Measures (to implement commitments) has been significantly streamlined, resistance to any common measures by the US and Australia remains strong. The EU, which continues to press hard for common measures in an instrument, submitted a non-paper with revised lists for common/mandatory and high priority/coordinated P&Ms. Their proposal for the establishment of a coordination process under SBSTA post-Kyoto to develop guidelines for implementing the common and coordinated measures generated skepticism among Parties. The draft negotiating text, which is entirely bracketed, now includes the specific areas of energy, transport, industry, agriculture, forestry and waste management for consideration as mandatory measures.

16. The G77 successfully pressed for inclusion of a provision stating that P&Ms should have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the Convention, including fossil fuels producers/exporters. Canada again played a useful facilitating role, arguing that while Parties should retain national flexibility in meeting reduction targets, there exists a limited set of coordinated P&Ms that could be included in the Kyoto agreement. Canadian position will need to be further developed in light of the specific proposals remaining in the newly compiled text.

17. Engaging Developing Countries: On Article 4.1 (developing country) actions, the current text includes views ranging from no new commitments for developing countries (G 77 and China) to reporting on the measures to reduce greenhouse gases and their impacts, as well as establishment of review mechanisms to review the national reports from the developing country parties. The importance of a review mechanism to include commitments of all Parties was emphasized by Canada and we signalled a preference to tackle this issue more broadly in the context of institutions discussions. Developing countries linked their commitments under Article 4.1 to developed country parties setting up a new financial mechanism to fund commitments under the Kyoto agreement. The text for