

To be sure, the targets included in the Protocol for the first commitment period are only a first step in a process that will require much more from Annex B, and from the entire global community, during the coming century. But that does not take away from the ambitiousness of what we have set for ourselves as the first step. And we must be careful not to stumble in taking even this first step.

In Kyoto, there was a recognition that the targets agreed to in Annex B would require the full and timely availability of all of the Kyoto mechanisms. This is as true today as it was in Kyoto. In this regard the U.S. regrets the proposal of the EU to place a quantitative and qualitative cap on those mechanisms.

We agreed in Kyoto to a *package deal* that couples ambitious targets with the implementation flexibility provided by the Kyoto mechanisms. In our view, the EU proposal would reopen and unbalance the package of ambitious commitments and flexible implementation that we all agreed to in Kyoto –

1. By placing artificial ceilings on how much “assigned amount” Parties may acquire through the mechanisms, and
2. By effectively reopening and diminishing the targets of other Parties.

Moreover, the EU proposal reflects a clear double standard in how it applies to the EU and to others. If these cap proposals go forward, they will hurt all Parties and they will hurt the environment. Developing countries would be particular losers, since the restrictions would force a sharp reduction in new private-sector resources for sustainable development through the CDM.

Third, I want to emphasize the great importance the United States places on assuring rigorous emissions measurement, airtight accounting, and strong compliance provisions. These are provisions needed for all Parties, whether or not they use the Kyoto mechanisms, and they are areas where our countries share a strong common interest.

We have made significant progress on these issues since we met last year:

1. A very constructive process is underway under the IPCC to improve measurement methods for all gases and sources.
2. Views are converging on computerized systems for rigorously tracking and reporting every Party’s assigned amount.
3. A very positive process is getting underway to develop an appropriate compliance regime, and