

commitments of all parties with a mandate to determine equitable and practical principles of allocating allowable emissions.

- **Sinks.** There is a consensus within the environmental community that any inclusion of sinks should be based on sound science and consistent approaches to measurement, maintain the integrity of the Kyoto Protocol, and should not create any incentives for activities that would harm biodiversity. The decision to refer the sinks issue to an IPCC Special Report is a step in the right direction. However, I was disappointed that there was not clarification that Art. 3.3 only covers emissions/removals related to changes in land use to or from forestry. This is necessary to avoid the most egregious potential loophole in the Protocol. It would also aid in setting domestic policy.
- **Clean Development Mechanism.** The complete failure to discuss any substantive issues was extremely disappointing. In order to progress on this issue substantive proposals for how a CDM program could work are needed. In particular, a process for ensuring that certified emission reductions represent reductions that would not occur in the absence of the CDM is essential. My impression is that overcoming EU and G-77 skepticism regarding CDM will require proposals that acknowledge this issue and ensure that CDM does not reduce the environmental effectiveness of the Protocol.
- **Emissions Trading.** The environmental community had hoped that emissions trading would be elaborated in Bonn, with discussion of concrete proposals for ensuring that a trading program has integrity and does not reduce the environmental effectiveness of the Kyoto Protocol. My impression is that both John Drexhage and Murray Ward's presentation and the paper tabled by Canada on behalf of the Umbrella Group would have been better received if they added more to the draft rules discussed at Kyoto. More definition of a joint liability system and acknowledgement that trading in "hot air" units will reduce environmental effectiveness would have helped. For progress to occur at COP4, the focus of Canada and the Umbrella Group will likely need to shift to finding solutions that do not compromise environmental effectiveness of Kyoto but still allow a trading system to work effectively.

## Detailed Discussion of Substantive Issues

### Sinks

Environmentalists were pleased to see the reference of the sinks issue to a IPCC Special Report. However, there is ongoing concern that interim decisions might occur prior to receipt of the Special Report. Interim decisions could become permanent and could enshrine flawed science or methodology. I have a number of comments regarding the outcome of the sinks discussion:

Defining What Is In Art. 3.3. I was pleased to see a partial definition of what was included in Art 3.3 of the Protocol. I believe that it would have been useful to confirm