

JOINT IMPLEMENTATION (JI): Since the joint implementation provisions of the Protocol are already fairly elaborated, there was little discussion of its application. Nonetheless, it became clear that of all the implementation mechanisms, JI was the one favoured by the EU, as it expects to be able to benefit from emissions reductions from projects undertaken in neighbouring Eastern European economies, where they already have significant investments. JI is important for Canada, but projects through the CDM (which can start in the year 2000) and emissions trading are more pressing in our view. (G77 also supports early focus on the CDM). On the question of the treatment of projects initiated under the convention's Activities Implemented Jointly (AIJ, projects without credit), there was a general shared concern among Annex I countries that progress on JI and CDM not be held hostage to the completion of AIJ's pilot phase.

SINKS: While at first it appeared that no substantive discussions would take place until after the generation of a Special Report by the IPCC, a shorter track outcome more in keeping with Canadian objectives was achieved. Parties agreed to submit information related to Articles 3.3 and 3.4 (additional sink activities), and to hold a pre-CoP 4 workshop on Article 3.3 and to plan a post-CoP 4 workshop on Article 3.4 and issues arising from the first workshop. A key result of the conclusion for Canada was the acknowledgment that the land use change and forestry category really constitutes three categories -- land use, land-use change and forestry. Importantly, this acknowledges activities other than land-use change and forestry, i.e. agriculture. The conclusion requested that the IPCC prepare a special report on land use, land-use change and forestry which should address the methodological, scientific and technical issues related to Article 3. Issues not covered in this report were suggested for inclusion in the IPCC Third Assessment Report. The IPCC was also asked to examine the implications of carbon sequestration strategies on water, soil, bio-diversity, and the overall environment, economy and society.

COMPLIANCE: Corridor discussions on a regime, under Article 18, to determine and address non-compliance with the provisions of the Protocol and its various mechanisms, confirmed that limited thinking has been done so far on this matter since the Kyoto COP. As regards the preparation for COP 4, there seems to be a convergence of views, at least among Annex I Parties, that the actions to be taken in Buenos Aires should be limited to the creation of an *ad hoc* group on compliance. If this course of action were taken, Parties would still have to consider at COP 4 whether the decisions should include details as to the mandate of the group or if it should only provide a short and general mandate. Since at the first Common Interest Group (CIG), verification and monitoring issues had emerged as a possible route for finding common ground on mechanism irritants with the EU, Canada chaired a subsequent meeting dedicated to this issue. EU placed emphasis on the need for all compliance provisions in the Kyoto Protocol (Article 18) to be elaborated through a single, uniform monitoring and verification system. JUSCANZ countries stated their similar preference to avoid multiple non compliance review committees, but noted that substantive rules might need to be different for