

**Annex I Expert Group on the UNFCCC: Statement to AGBM7
by Ian Pickard (UK, Chair of the Annex I Expert Group)**

Thursday, 30 July 1997

Mr. Chairman:

The Annex I Expert Group aims to provide input to the AGBM and other bodies of the UNFCCC that is analytical, practical, and directly relevant to the Convention processes. Analytical support is provided by the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA). I would like to update delegates and observers on the recent work of the Group.

The Annex I Expert Group's project on "Policies and Measures for Possible Common Action" is drawing to a close. Thirteen studies in this series have been released at previous AGBM meetings. Today, I am very pleased to announce the completion of two new studies. One of these is an assessment of the competitiveness implications of carbon/energy taxation. The executive summary for this study is available today. The full study will be available at AGBM8. The second study is an assessment of "The Climate Implications of Agricultural Reform" which follows an earlier study on mitigation policies in the agriculture and forestry sectors. A broad study of GHG mitigation options in the electricity sector will be released at AGBM8. Copies of all the studies that have been completed are available at the back of the room. They can also be ordered from the OECD or downloaded from the OECD internet site. The Annex I Expert Group has undergone a tremendous learning process through sharing experiences on the policies examined in these studies and discussing them. We encourage all participants and observers in the AGBM to make use of this large body of work on policies and measures to mitigate GHG emissions.

The Annex I Expert Group has embarked on an ambitious programme to grapple with the design issues that confront us if any international GHG emission trading system is to be contemplated in the post Kyoto period. In addition to the initial study on "International GHG Emission Trading" (working paper 9) that was released at AGBM6, I am pleased to announce that two new products are available today:

- first, a report from the workshop that was held in Hungary on April 17 and 18, which was a great success thanks to the participation of a wide range of academics, and experts from the industry and environmental NGO communities;
- and second, an information paper that draws lessons for GHG emission trading from an assessment of four existing trading systems (the US SO₂ allowances; New Zealand's tradable quota for fish; industrial rationalisation under the Montreal Protocol; and the development of rules for joint implementation of sulphur emission ceilings under the UNECE LRTAP Convention).

The Annex I Expert Group is now undertaking further analytical work to improve understanding of practical options and implementation requirements for international greenhouse gas emission trading. In this work we will explore the practical implications of different options for international GHG emission trading, and assess a range of international criteria that could be needed to facilitate international GHG emission trading.