

**INDUSTRY PERSPECTIVE ON THE RESULTS OF THE EIGHTH SESSION
AD HOC GROUP ON THE BERLIN MANDATE
UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
OCTOBER 20-31, 1997, BONN**

The Eighth Session of the Ad Hoc Group on the Berlin Mandate saw the parties focus on the much leaner negotiating text prepared by Chairman Estrada and the results of the four "non-groups" created by the Chairman. And while true negotiations were at last engaged, progress was still painstakingly slow on the main substantive items.

The following perspective is offered on the status of those issues of primary interest to the Canadian business community.

Targets and timetables

The main event was the tabling by the United States of its proposed target -- that Annex I countries commit to stabilization of greenhouse gas emissions at 1990 levels by 2008 to 2012. In response to the expected criticism, the American delegation stressed that its proposal is significant since it represents a reduction of approximately 30% from business as usual levels in 2010. They also pointed out that it would represent an economic burden for the U.S. equivalent to that imposed on the European Union by a 15% reduction. As well, they noted that theirs is the only proposal to deal comprehensively with all GHGs. Other proposals would not check the growth of trace gases (HFCs, PFCs, and PF6) nor would they protect forests and soil sinks.

Differentiation

Although the U.S. and EU still officially oppose it, the idea of differentiated commitments continues to show strength. The Russian Federation was the latest to come out in support, proposing a "bubble" comprising all Annex I countries. They noted that the different commitments proposed by individual developed country parties would result in an average annual reduction of 3 per cent across Annex I. The possibility of finding a single formula which all could agree to seems remote. However, the Japanese proposal resulted in further thinking on the possibilities of a multiple formula or negotiated approach. One interesting development was that the EU suggested that differentiation may be the basis on which targets could be set in the future, perhaps for a subsequent budget period.

The European Union Bubble

The EU offered a further explanation of the EU bubble and its interpretation of the obligation of member states to meet a collective commitment, but this did little to satisfy the concerns of other OECD countries. Some stressed the inequity of the EU bubble when others will face flat-rate targets. Other nations noted that a collective commitment raises serious questions about who has the responsibility for compliance. In addition, several countries raised the spectre of expansion of the EU to include several Eastern European countries whose emissions have declined since 1990, thereby lessening the burden on current EU members.

Flexibility mechanisms

Some progress was made in narrowing the gap between the United States and the European Union on a few of these issues. For instance, the EU suggested they would agree to a five-year budget period, provided that the first one commences in 2003 (as opposed to the 2008 start proposed by the U.S.) The Group of 77, however, continued to argue in favour of single-year targets. The EU also showed some