

**SUBMISSION BY GERMANY ON BEHALF OF THE EUROPEAN  
COMMUNITY, ITS MEMBER STATES AND BULGARIA, CROATIA,  
CZECH REPUBLIC, ESTONIA, HUNGARY, LATVIA, LITHUANIA,  
POLAND, SLOVAK REPUBLIC AND SLOVENIA  
ON THE**

**CLEAN DEVELOPMENT MECHANISM (ART. 12 KP)**

With the Buenos Aires Action Plan COP 4 has decided on a work programme on the mechanisms, with a priority given to the CDM and with a view to taking a decision on all mechanisms at COP 6. According to Article 12 of the Kyoto Protocol (KP) the Conference of the Parties serving as the meeting of the Parties (COP/MOP) at its first session shall elaborate modalities and procedures for the Clean Development Mechanism (CDM).

In addition to previous papers tabled, the European Community, its Member States and Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia have prepared a revised first proposal on modalities and procedures for the CDM hoping that it can serve as an input for the discussion amongst all Parties, and in particular between Parties included in Annex I and Parties not included in Annex I.

The EU and the above Parties recall their position that a concrete ceiling on the use of the Kyoto mechanisms should be defined in quantitative and qualitative terms based on equitable criteria. In the view of the above Parties a properly defined ceiling will encourage Annex B Parties to develop strong domestic policies and measures in order to modify long term emission trends, the technological structure, especially long-lived infrastructure, and production and consumption patterns. Thereby it will also contribute to preparing the path for more ambitious commitments in the second and subsequent commitment periods. Such a ceiling should also contribute to limiting the displacement of domestic action by "hot air".

The above Parties recognise that there are different ways of approaching the definition of complementarity, taking into account inter alia the uncertainty that still exists on the structure of the Kyoto mechanisms. In order to provide a basis for further negotiations with other Parties whom we urge to join us in this endeavour, we propose a definition for such a ceiling in para 9 of this submission.

Furthermore, the EU and the above Parties reaffirm the need for an early agreement of the COP on the determination of the part of the emission limitation and reduction commitment under Article 3 that can be met through certified emission reductions accruing from CDM projects in accordance with Article 12.3 (b) of the Kyoto Protocol.