

AGBM 7
August 3, 1997
Bonn, Germany

INTERVENTION BY CANADA ON FLEXIBILITY PROVISIONS IN THE NEGOTIATING TEXT

Thank you Mr. Chairman. Before addressing the specific issues of greenhouse gas trading and joint implementation, my delegation would like to indicate that the organization of items under QELROs are a bit misleading. The section on flexibility only deals countries with their economies in transition, ghg trading and joint implementation. Clearly, there are many other important flexibility elements, including emission budgets and comprehensiveness.

Canada strongly feels that in addition to addressing temporal opportunities for investments, flexibility should also address opportunities for investments where it is most cost-effective to do so. GHG trading could work to minimize the cost of achieving the ultimate objective of the FCCC. Malaysia and Zimbabwe raised the point that flexibility will deter Annex 1 Parties from reaching their commitments under Articles 4.2 (a) and (b) of the FCCC. Our point is that it is precisely through flexible provisions, like trading, that we can all be assured of meeting our legally binding commitments.

Mr. Chairman, some delegations have raised the legitimate concern that there is simply not enough time to design and negotiate a trading regime by Kyoto. In that respect, we would ask those delegations to review the specific submissions as found in Proposals two and three. As those proposals imply, it is my delegation's view that prior to Kyoto, we will only need to indicate that Parties, on a voluntary basis, can pursue the possibility of a trading mechanism as a way of meeting their commitments. In that respect, we also recognize that the "devil is in the details" and would agree that issues related to the administration, credibility and enforcement of such transactions clearly need to be developed at future sessions after an agreement at Kyoto. We would suggest that the Protocol include a provision committing Parties to further elaborate guidelines to facilitate the reporting of emissions trading information.

In regards to allocation, Canada agrees that initial allocations should be fair and equitable. However, we believe that this issue will be addressed in the negotiations on targets and timetables, and need not be addressed in these discussions. Other Parties have expressed the concern that a trading regime would work to compromise a Party's commitment to take domestic actions. It is certainly my delegation's view that trading will not be the only mechanism to address our commitments. In fact, too great an investment in international trading could see a net investment flow out of the investing country and compromising its economic status. I would also point out the inconsistency on the part of those Parties who have raised the concerns on trading, while at the same time pushing for Joint