

19. The most contentious issue under this Article in Kyoto is likely to be the formulation and implementation of national programs containing policies and measures by all Parties. Most of the Annex 1 Parties view this to be the only substantive paragraph in the text which really advances the current commitments without introducing any new ones. However, G 77 views this to be a new commitment and thus continues to oppose. Technology transfer is another area where we can expect long protracted debate in Kyoto. Areas where progress was made include removal of requests for quote financial resources (now consolidated within Article 13) as well as agreement that developing countries move towards standard methodologies in preparation of national communications.

20. Financial Mechanism: Discussions strictly focussed on the financial mechanism of the Protocol to advance the implementation of existing commitments under Article 4.1 of the Convention. USA, EU, UK, Canada, and Japan made it clear that no new funds or mechanisms are appropriate as we are dealing with the advancement of existing commitments rather than the new commitments. As a result of stalemate, the agreement was to stay close to Convention language. Since the Convention includes differentiated provisions for the preparation of national communications (full funding) and the other elements of Article 4.1 of the Convention (incremental funding), negotiations on what elements of Article 12 are eligible for full funding as opposed to incremental funding are likely to be difficult.

21. Voluntary Commitments By Developing Countries: Annex 1 and G 77 are far apart on this issue. G 77 would like to delete this Article while Annex 1 strongly supports its retention. OECD countries made some improvement to the bracketed text in order to make this Article operational.

22. Review of commitments: Text originally proposed by the Chair had provided for reviews of Annex I countries only. Nauru stickhandled this issue not only for AOSIS but for Annex I countries as well by ensuring that the review would apply to all commitments contained in the protocol. This was quickly endorsed by core OECD countries. India and China, however, insisted on a linkage to Article 3 commitments -- ie, the targets assumed only by Annex I countries. This portion of the provision will therefore go in brackets to Kyoto. The second portion of the text is equally important and was agreed: it essentially provides for a review of commitment implicitly, through a link to Article 7.2(a) of the convention. A possible date for a first review remains outstanding. Some regard this as a building block to accommodate "evolution".

23. Evolution: USA continued to lead in efforts to secure a reference to possible future binding commitments by developing countries, supported by Australia and Canada. That said, the chair entertained only very limited discussion on this issue since it is outside the parameters of the Berlin Mandate. EU on the other hand, is soft on this issue. Without a solid common front amongst core OECD countries, and with limited time to pursue a separate decision at Kyoto, prospects look difficult for this set of issues.