

64239350 (E)

Framework Convention on Climate Change (FCCC)
Ad Hoc Group on the Berlin Mandate (AGBM)
Subsidiary Body for Scientific and Technological Advice (SBSTA)
Subsidiary Body for Implementation (SBI)

**SEVENTH SESSION OF THE AGBM
AND SIXTH SESSION OF THE SBSTA AND SBI**

July 28 to August 7, 1997

BONN

DELEGATION REPORT

DFAIT/AGE

TABLE OF CONTENTS

1. CANADIAN DELEGATION REPORTS

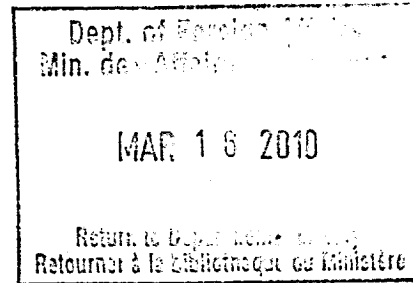
- Reporting Telex on AGBM 7, SBI 6, SBSTA 6, AG13-5
- Report from the Environmental Group Canadian Delegation Member
- Report from Industry Canadian Delegation Member

2. AGBM DOCUMENTS

- Revised Negotiating Text
 - QELROS
 - Policies and Measures
 - Advancement of commitments under Article 4.1
 - Elements related to institutions and mechanisms, and introductory and final elements
- Statement of Annex 1 Chair to AGBM

3. SBSTA DOCUMENTS

- Report of SBSTA 6
- Statement of Annex I Chair to SBSTA



4. SBI Documents

- Report of SBI 6
- Report of the workshop on National Communications
- Chairman's Draft Conclusions
 - National Communications - Annex I
 - National Communications - Not included in Annex I

19-125-434

- Review of Financial Mechanism
- Administrative and Financial Matters
 - Draft Conclusions
 - Statement by the Executive Secretary on Budget 1998-99
- Arrangements for Intergovernmental Meetings
 - Draft Conclusions
 - Additional Draft Conclusions
 - COP 4
- Mechanisms for NGO Consultations
- Division of Labour between the SBSTA and the SBI

5. AG13 DOCUMENTS

- Decision on Future work of AG 13

6. CANADIAN INTERVENTIONS

- QELROs
- Policies and Measures
- Article 4.1
- SBSTA
- SBI
- Methodologies
- Flexibility in Negotiating Text
- CTI
- Communications from non Annex I Parties SBI
- Review of the Global Environmental Facility

7. STATEMENTS AND OTHER INFORMATION

- Speech by Chairman of the AGBM

From : Co-heads of the Canadian Delegation to the Framework Convention on Climate Change (FCCC)

Expéditeurs : Chefs de la délégation canadienne auprès de la Convention cadre sur les changements climatiques (CCCC)

Dear Colleagues:

Please find enclosed a copy of the Delegation Report on the Sixth Session of the Ad Hoc Group on the Berlin Mandate (AGBM 7) and Fifth Sessions of the Subsidiary Body for Scientific and Technological Advice (SBSTA 6) and Subsidiary Body for Implementation (SBI 6), and the Fourth Session of the Ad Hoc Group on Article 13 (AG 13) which took place in Bonn between July 28 and August 7, 1997.

Should you have any further questions, please contact Sushma Gera/DFAIT at 944-0051, John Drexhage/DOE at 994-5156, or Kristi Varangu/NRCan at 996-6081.

Chers collègues,

Veillez trouver sous pli un exemplaire du rapport de la délégation sur la sixième session du Groupe spécial du mandat de Berlin (AGBM 7) et la sixième session de l'Organe subsidiaire de conseil scientifique et technologique (SBSTA 6) et de l'Organe subsidiaire de mise en oeuvre (SBI 4), et la quatrième session du Groupe spécial sur l'article 13 (AG 13). Ces réunions se sont tenues à Bonn entre le 28 juillet et le 7 août 1997.

Pour plus de précisions, veuillez vous adresser à Sushma Gera/MAECI, au 944-0051, ou à John Drexhage/Environnement Canada, au 994-5156, ou encore à Kristi Varangu/RNCan, au 996-6081.

Le Sous-ministre adjoint
Service de la protection de l'environnement
Environnement Canada

Le Sous-ministre adjoint
Politique mondiale et Sécurité
Ministère des Affaires étrangères et
du Commerce international

H. A. Clarke
Assistant Deputy Minister
Environmental Protection Service
Environment Canada

Paul Heinbecker
Assistant Deputy Minister
Global and Security Policy
Department of Foreign Affairs
and International Trade

- **Report by Chairman of the IPCC**
- **Business and NGO Statement to the AGBM**
- **US Statement to the AGBM**
- **Secretariat Information Note**
- **List of Upcoming Climate Change Meetings**

CANADIAN DELEGATION REPORTS

Report: AGBM and AG13 negotiating sessions on Climate Change, Bonn, July 31 - August 7, 1997

SUMMARY: Substantive focus of the AGBM was to develop further the draft negotiating text for the Protocol or legal instrument covering post-2000 climate change commitments. The session took the form more of an exchange of views, rather than a negotiation, and most countries are still developing their proposals on concrete targets and timeframes for stabilization and reductions (QELROS) of emissions. Result was to formulate a basis of negotiation for crunching during the next session in October and its preceding intersessional period. Focus was primarily on "non-target" issues, which are nonetheless central, as they frame how Parties are to implement their commitments and what types of flexibility mechanisms will be open to them. Principal developments included an agreement in principle for coverage including a broader range of gases than just CO₂, development of options for defining the basis for targets and their type and nature, and the elaboration of a list (for negotiation) of possible policies and measures. A good exchange of views took place on the key flexibility mechanisms of banking, borrowing, emissions trading and joint implementation which helped to identify difficult outstanding questions (although much more work needs to be undertaken on specifics and on breaking political logjams). The key concept of differentiated commitments for different parties remains to be cracked. Central issues under the rubric of institutions and mechanisms emerged as: the possibility of an entry into force trigger based on percentage of global emissions (which could help ensure that key Parties ratify before the instrument enters into force), and defining a possible compliance package (not including trade measures). Discussion of developing country commitments focused on reporting requirements and the elaboration of possible policies and measures, with developing countries calling for increased financing. Thorny financing issues were also raised in the context of an OPEC-inspired proposal for compensation for impacted countries and a Brazilian proposed fund to be financed by non-complying parties. While possible future developing country commitments were not discussed explicitly, view amongst key OECD delegations is that efforts should be made to ensure that the COP in Kyoto elaborates a process for securing them in the future. Generally, discussions focussed on developing a common understanding of positions and crafting a basis for negotiations which identifies key options and choices. However, with only one dedicated formal meeting left to take place before the Kyoto conference, pressure is on parties to deliver on specifics and be prepared for crunch negotiations.

REPORT: Substantive focus of the AGBM was to develop further the draft negotiating text for the Protocol or legal instrument covering post-2000 climate change commitments. The discussion focussed on the various sections of the draft negotiating text (AGBM/1997/3/add.1) including developed country commitments, developing country commitments under Article 4.1, and issues

related to institutions and mechanisms. The Chair established 4 contact groups to deal with the institutions (chaired by Japan), QELROs (chaired by Brazil), developing countries commitments under Article 4.1 (chaired by Trinidad and Tobago), and Policies and Measures (Chaired by Mauritania).

2. Overview: Some progress was accomplished at AGBM 7, chiefly in the form of clarifying positions, and in streamlining the unwieldy negotiating text. However, all outstanding issues remain open for negotiation at the next AGBM session in late October. In addition to compiled text of all parties' proposals, the Chairman of the AGBM will be preparing a separate Chairman's text that will begin to take some positions off the negotiating table and merge positions into concrete options for negotiation. Canada continues to play a prominent role in the negotiations, and as Bureau representative, chair of the Common Interest Group, and JUSCANZ, is likely to be invited to participate in all informal meetings likely to be held prior to the next AGBM. Comments on the specific areas of negotiation follow thematically.

3. Coverage of gases, sources and sinks to be included in the Protocol: Significant progress was made with the EU indicating that it could support a basket approach (vs. the gas by gas approach) promoted by the majority of JUSCANZ Parties. In other words, most Parties now accept the inclusion of gases, sources and sinks in a Protocol for which data certainties are judged by the Parties to be adequate for the purposed of a Protocol. Japan is the one exception, as they continue to call for only carbon dioxide from energy related activities to be included in the agreement. Japan also disagreed with most other Parties who could support a Global Warming Potential (GWP) over a 100 year time horizon as the default measurement unit for all gases. Canada supported the widest possible package of comprehensive coverage (including sinks), but will be developing specific positions on which ghgs should be explicitly be accepted in a Protocol and which methodologies for sources and sinks have a sufficient level of certainty to be accepted.

4. EU Bubble: Australia, Canada, the US, Switzerland and Japan all made strong interventions expressing concern about internal EU burden sharing arrangements - the concern is that individual Parties in the EU will not be under any obligation to meet Kyoto targets (other than under the overall EU target) even though they would ratify the Protocol as an individual Party. JUSCANZ Parties also insisted that accountability arrangements within the bubble will need to be transparent and clearly defined. The EU has still not tabled a paper clarifying competencies between the EU and EC on meeting climate change commitments, which raises compliance concerns.

5. Nature of target and baseline: As with other issues, the chair

of the QELROs informals clustered this topic broadly under types of elements which Parties have included in the Negotiating Text prepared for the session. Result was a useful exchange of views on the type of commitments to be included in the legal instrument, although a variety of differing visions remain on the table. Core issues were: single year versus multi-year baselines, emission budgets; longer term targets as expressed in a percentage reduction versus those defined as maximum temperature change; the number of targets (2005, 2010, 2020 or other); banking and borrowing; and use of global warming potentials (GWPs).

6. Of particular note were interventions by the U.S., EU, AOSIS, and Russia. The EU reiterated its proposal for a 7.5 percent reduction by 2005 from 1990 levels, and 15 percent by 2010 for Annex 1 countries (including the EU as a whole). EU also said it did not have a target number for 2020 as it believed it should not be included right now because it is too long term. EU also signalled that if budgets are to be used, they should start in 2000 and be of 3 to 5 years in length, complimented by a strong compliance regime. The U.S. emphasized: flexibility, budget periods of 3 to 10 years; but not beginning in 2000 but later past 2000. It has not yet developed a position on concrete targets and timetables, favouring to focus international discussions first on how the targets could be implemented. AOSIS introduced three new ideas on limits on emissions growth: 230 ppmv (not a doubling of GHG concentration of 550 ppmv); a 2°C rise in temperature; and a 20 cm increase in sea level. (EU prefers focus on 550 ppmv and 2°C increase only).

6. Russia Supports different targets for Economies in Transition (EITs). Although all Annex 1 Parties would be asked to return emissions to 1990 level by 2010 (a budget period of 2000 to 2010), developed countries would have to maintain that level while EITs' emissions could rise until their GDP reaches OECD levels. The EU also supported a "certain degree of flexibility" for EITs either for the baseline or reference year (not 1990) on the strict condition that EITs would have to accept the 15% reduction proposal for 2010 and the EU proposal for common policies measures. In response, the U.S. was adamant that EITs' should have the same target as other Annex 1 countries, consistent with U.S. position opposing any differentiated targets.

7. Canada emphasized the need for flexibility more generally, as well as specifically supported multi year targets and baselines; budgets; and support for use of GWPs of 100 years as established by the IPCC. The notion of using an average of multi-year baselines (rather than just 1990) was only supported by New Zealand, Norway and Iceland. The Chair insisted that Canada and New Zealand (as the main proponents) cite the specific years to be averaged in order to keep the idea on the table. A compromise was reached whereby the years 1988 to 1992 would be included as

an interim placeholder. Candel should revisit our position prior to the resumption of negotiations in October.

8. On banking and borrowing, there was general support of the notion of banking except the G77 which opposed both concepts. The question of banking of pre-2000 emissions reductions emerged as an issue which remains to be resolved. N.Z. supported borrowing in terms of a compliance mechanism, while Australia and Norway said borrowing warranted consideration. The US continued to support borrowing more broadly, arguing that it should not be limited to Parties who were in a non-compliance position. They view borrowing as a standard commercial mechanism. The EU and AOSIS were blunt in their opposition to borrowing .

9. The QELROS Chairman's text broadly reflects all the options presented on the nature of target and baseline. Options will be negotiated at the October session. Intersessional activities is expected to concentrate on the "non-target" issues, which are key to defining the flexibility Parties will have to meet their commitments.

10. Differentiated Targets: The divisive issue of flat rate vs. differentiated targets and timetables remains as intractable as ever. The Chair of the AGBM reflected the view that the issue would only be resolved in political negotiations outside of the formal AGBM process. As expected, Australia, Japan, Norway and Iceland continued to press the hardest for differentiated commitments amongst Parties, although questions remain about how these would be "negotiated". USA is firmly opposed, adhering to the view that all Parties should undertake the same commitments using different tools as required, but backed up by a compliance regime. (This is consistent with the position it takes against the "EU bubble"). Proponents expressed concern that the QELRO Chair's text summarizing different options for approaching QELROS was presented in a format which favoured a uniform target approach and was biased against differentiation. To alleviate these concerns, an introductory paragraph was added to the beginning of the QELROs text, which indicates that the total document would require revision if a differentiated approach were adopted by the Parties (likely at least to accommodate an Annex listing the different commitments). This satisfied all countries as a way of keeping two opposing approaches on the table. Given the sharply polarized discussion, the chair of the AGBM opined that this issue would only be resolved in political negotiations outside the formal AGBM process.

11. GHG Trading: There continues to exist a wide divergence of views on the appropriateness of including ghg trading and joint implementation in the Kyoto agreement. The EU made a strong intervention arguing that they will not be able to indicate their final position on trading until other Annex 1 Parties first indicate what targets and timetables they could support.

Implication was that the more moderate the target, the less likely the EU would be willing to support a trading instrument in the Protocol. EU also expressed concerns that instrument would allow for Parties to delay in taking actions domestically. G-77 opposition was based on concerns that trading would be permitted between Annex 1 and non-Annex 1 Parties. A number of other Parties, especially Australia, made an equitable initial allocation of trade permits a condition for support. Japan has changed its position on trading and along with other JUSCANZ Parties, expressed support for the instrument. Canada attempted to address concerns by clarifying that: a) ghg emissions trading should only take place within Annex 1; b) trading will not be the only mechanism to address our commitments (countries will want to ensure that investments in international trading are not so great that they would see a net investment flow out of the investing country); and, c) that allocation would be addressed in negotiations on targets and timetables. For the subsequent negotiations, Candel will need to be clear as to what additional elements would be required in a Protocol on ghg emissions trading.

12. Joint Implementation (JI)/ Activities Implemented Jointly (AIJ): Little progress was registered in further elaborating positions. The EU supports, for Kyoto, JI only among countries with commitments and continuation of the AIJ pilot phase for projects between countries with commitments and those without (developing countries). The JUSCANZ members, particularly U.S. Canada, Norway, Australia, N.Z. would like to see decisions taken at Kyoto linking crediting for JI projects with developing countries (those without commitments) to the post-2000 target. We noted the cost-effectiveness of this mechanism as well as the potential technological and capacity building advantages for developing countries. But developing countries remain suspicious and unconvinced about potential advantages -- the G77 accordingly did not want JI included in the Kyoto agreement so as to allow the pilot phase to be taken into account. That said, Costa Rica, which has a softer approach, tabled a new proposal whereby JI credits would be limited so that every 2 units of emissions reduced through JI, credit would only be granted for 1. The other would be "a gift" to the global environment. Switzerland proposes a limit on how much of reductions can be done through JI, while the U.S. opposed any ceiling.

13. Compensation: OPEC Parties continue to press for a compensatory mechanism that would reimburse oil exporting countries in the G-77 for any falling revenues as a result of Annex 1 actions to reduce/limit their ghg emissions. This is being strongly resisted by Annex 1 Parties and even some G-77 Parties - notably Argentina, Small Island States - expressed their opposition to the proposal. A contact group, chaired by the Saudis (in the absence of a Brazilian chair) met once, but could not function due to the inherent biases with the proponent

being in the chair position. OECD countries took every opportunity elsewhere to register concerns about the approach and even G-77 solidarity began to crack by the end of the session. Nonetheless, Annex 1 parties will need to come up with creative ways of addressing this question, perhaps by steering it away from compensation to technical and financial transfers under the Convention.

14. Measurement, reporting and communication of information: While there are alternative texts still on the table, there is a strong convergence amongst Annex 1 Parties that a transparent and credible reporting regime needs to be put in place so that all Parties can be assured of the extent to which other Parties are taking appropriate actions to meet their commitments.

15. Policies and Measures: While the text on Policies and Measures (to implement commitments) has been significantly streamlined, resistance to any common measures by the US and Australia remains strong. The EU, which continues to press hard for common measures in an instrument, submitted a non-paper with revised lists for common/mandatory and high priority/coordinated P&Ms. Their proposal for the establishment of a coordination process under SBSTA post-Kyoto to develop guidelines for implementing the common and coordinated measures generated skepticism among Parties. The draft negotiating text, which is entirely bracketed, now includes the specific areas of energy, transport, industry, agriculture, forestry and waste management for consideration as mandatory measures.

16. The G77 successfully pressed for inclusion of a provision stating that P&Ms should have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the Convention, including fossil fuels producers/exporters. Canada again played a useful facilitating role, arguing that while Parties should retain national flexibility in meeting reduction targets, there exists a limited set of coordinated P&Ms that could be included in the Kyoto agreement. Canadian position will need to be further developed in light of the specific proposals remaining in the newly compiled text.

17. Engaging Developing Countries: On Article 4.1 (developing country) actions, the current text includes views ranging from no new commitments for developing countries (G 77 and China) to reporting on the measures to reduce greenhouse gases and their impacts, as well as establishment of review mechanisms to review the national reports from the developing country parties. The importance of a review mechanism to include commitments of all Parties was emphasized by Canada and we signalled a preference to tackle this issue more broadly in the context of institutions discussions. Developing countries linked their commitments under Article 4.1 to developed country parties setting up a new financial mechanism to fund commitments under the Kyoto agreement. The text for

negotiating reflects integrates this linkage.

18. The revised text is now clustered around each clause of Article 4.1, covering national reporting, implementation of policies and measures and their impacts, review mechanism for national communications, cooperation on scientific, technological and financial cooperation, and the demand for a separate funding mechanism. Although the U.S. is strongly opposed to common policies and measures, its text on policies and measures under Article 4.1 is quite comprehensive and includes a list of specific policies and measures, which it proposes be adopted by all Parties. Similarly, E.U. text on the review process for Annex1 as well as non-Annex1 Parties is quite stringent. Policies and measures under Article 4.1, review mechanism for national communications, as well as the demands for additional funding are some of the issues which will require revisiting in preparing for the next negotiating session.

19. Some of the difficult questions surrounding the evolution of the Kyoto agreement (which essentially consists of text on the new round of negotiations, new commitments by LDCs, and the graduation of developing countries to Annex1, based on some agreed upon criteria) were not discussed at this session. In the non group discussions, developing countries reiterated their position that AGBM process should not introduce new commitments for the them, noting that this was outside of the scope of the Berlin Mandate. That said, informal consideration amongst OECD countries is focussed on a possible separate decision which would launch a process for defining possible future commitments. This could be complemented by a process allowing commitments to be assumed on a voluntary basis. Issue of possible developing countries will be difficult to crack and will likely not be addressed head-on until Kyoto.

20. Institutions and Mechanisms: Non-Group on Institutions and Mechanisms: As well as covering introductory and final elements, the mandate of this group was further extended to cover compliance regime and review of commitments. It quickly (and thankfully) agreed that the principle of institutional economy should guide discussions. Nonetheless, the longest debates took place around the question as to what body and parties will constitute the primary decision-making vehicle. On these issues, the OPEC countries maintained the view, (although legally untenable), that the Conference of the Parties to the FCCC, as well as the Parties to the FCCC, should be the decision-maker under the Protocol. Regarding the main institution under the Protocol, most of the parties, including Canada, wanted the Conference of the Parties of the FCCC to serve as the Conference of the Parties to the Protocol. But the US, based on legal concerns on the appropriateness and practicality of such a link, proposed that a distinct Meeting of the Parties be convened in conjunction with the Conference of the Parties to the FCCC as feasible. The OPEC countries did not succeed in adding a provision for the creation of their proposed

compensation mechanism. However, they did succeed with respect to make a reference to the principle of compensation under the dispute settlement provision. On the relationship between the Protocol and other agreements, the Australian proposal, supported by Canada and US, that the Protocol not derogate from other existing international agreements, (in particular, the GATT) was strongly opposed by the EU as a subordination of the Protocol to all other Treaties.

21. Preamble: The working group also spent an inordinate amount of time on the preamble establishing the context for the new instrument. OECD countries favoured a brief and concise preamble, while others wanted it to make a variety of different statements ranging from framing the issue of climate change, to summarizing responsibilities and elaborating special considerations of different groups of countries.

22. On entry into force, Japan proposed a "double trigger" whereby entry into force would require at least 50 countries ratifying constituting at least 75 percent of Annex I emissions. The US proposed that the percentage cover global emissions to include big developing country emitters (but possibly not the USA!). The EU stated that it would not support any proposal based on ghg emissions, as it would introduce too many uncertainties. They would prefer 30 - 50 Parties ratify before entry into force. OPEC disingenuously proposed that all Parties need to ratify before the agreement came into force.

23. Compliance: One of the most important elements addressed by this group are issues related to compliance. OECD Parties have made good progress in developing a coordinated approach in defining a package of elements related to information, review and compliance. The USA proposed that Parties table their domestic implementation strategies to which they would be held accountable. USA proposed non-compliance penalties include a suspension of voting rights and of rights to trade emissions. The EU has not yet developed a solid position types of penalties, and trade measures have not been proposed (with several countries, including Canada, placing preliminary markers down opposing the notion in this case.) The notion of incentives received broad based support (including by Canada) but possible specifics did not emerge. While progress was registered in outlining the elements of a possible regime, there still exists a dearth of proposals on specific compliance instruments. It was recognized that more work needs to be done in this area.

24. AG 13: During the fifth session of AG13, the Chair initially conducted the discussion on the basis of Annex II of the Report for the last session. This Annex is a compilation text on a possible Multilateral Consultative Process (MCP), which reflects points raised, as well as areas of convergence and divergences. However, in part due to the short session, the discussion was limited to paragraphs 1 to 6 that relate to establishment,

objective, nature and mandate of the MCP. The discussion resulted in a text, completely between brackets, that is attached to the AG13 Report. Such a text will form the basis for the discussion at the next session, to take place after CoP3. AG13 agreed that it should aim to complete its work by CoP4. In order to achieve such an objective, AG13 recommended that at least two sessions should be held before CoP4, with each session constituting of 6 to 8 meetings.

25. During the AG13 session, consensus emerged on a very few issues. Consensus was maintained that the MCP should be advisory, instead of supervisory, and that it will not duplicate activities performed by other Convention bodies. The following are the main areas of divergence that were maintained: (a) Creation of the MCP through a committee that is standing (EU and Canada) or ad hoc (China); (b) Type of assistance provided by the MCP and to whom (China and OPEC countries support technical and financial assistance to developing countries, EU support limited assistance to legal questions); and, (c) Initiation of the MCP with respect to the implementation of another Party (EU and Canada support, China and US objected) and the extend this latter Party will be involved in the MCP's outcome. (China supports that conclusions and recommendations of the process be subject to the consent of the concerned Party). With respect to the main areas of divergence that are specific to this AG13 session, they are as follow: (a) The CoP3's decision on the future work of AG13 (EU suggested to set CoP4 as a firm deadline for the completion of its work, while China and OPEC countries objected); and, (b) MCP reporting (Canada is isolated on its proposal to report to CoP, through the SBI, while most of the other Countries support reporting directly to CoP in order to be more efficient).

26. The US views, on MCP, changed in this AG13 session. The MCP under the FCCC is now seen with skepticism as it may not be necessary. However, the US is leading the discussion on compliance under the new legal instrument and has proposed an implementation Committee.

Drafter: Sushma Gera

Approvals: Jennifer Irish, Deputy Director

Report: SBSTA and SBI sessions on Climate Change, Bonn, July 28 - August 5, 1997

---The Subsidiary Body for Scientific and Technical Advice (SBSTA) of the Climate Change Convention focussed its session on transfer of technologies, national communications, cooperation with relevant organizations, Activities Implemented Jointly (AIJ), and methodological issues. The Subsidiary Body for Implementation (SBI) focussed on financial and technical cooperation, review process for national communications, review of the financial mechanism and determination of the status of the Global Environment Facility (GEF), and administrative and financial matters. The issue of division of labour was taken up by both subsidiary bodies.

SBI

2. Budget: A budget for the Convention Secretariat for the years 97/98 and 98/99 was approved. The budget will represent an increase of 10-15% from last year, in line with expanding duties for the Subsidiary Body for Scientific and Technical Advice and the Subsidiary Body for Implementation. The Secretariat suggests that this would reduce staff funded from the core budget, but overall staffing appears to increase. Additional resources will be needed for expanded technical work on projections and inventories as well as reviews of national communications. Contingencies are also included for budgeting to cover a negotiation process after Kyoto (focusing on developing world commitments) and reviews of non-Annex national communications.

3. Review of GEF: No progress was made on the review of the GEF as the operating entity of the financial mechanism of the FCCC. There was too little time to negotiate anything of substance during this period, so both G-77 and Annex 2 Parties agreed to return to the issue of the GEF review at the next negotiating session in late October.

4. Agenda for CoP 3 and Timing and Location of CoP 4: On Arrangements for Intergovernmental Meetings, for CoP3 the SBI requested the Executive Secretary along with the CoP2 Bureau to make arrangements that would allow Ministers to make statements. At the request of the Group of 77 and China, the High Level Segment of Ministers and other Heads of Delegation December 8 to 10 (to conclude its work on the 10th) will not include a roundtable as previously proposed. SBI recommended decisions regarding a review of the Annexes to the Convention (lists of developed countries) be taken at CoP3 and a review of the adequacy of commitments of developed countries commence at CoP3 to be completed at CoP4.

5. In addition, the SBI recommended that CoP4 take place in November 1998 in Bonn, unless a proposal of a Party to host the Conference is received. The SBI requested that any proposals to host CoP4 be received by September 30, 1997. (For reference, the

City of Toronto wrote to Minister Axworthy proposing to host CoP4, but to date no decision has yet been made on the Canadian support whether to proceed, until the necessary financial arrangements have been decided. We understand that Buenos Aires Argentina is considering making an offer, which if accepted would be the first venue for a Climate Change CoP in a developing country.

SBSTA

6. Development and Transfer of Technologies: In the Agenda item on technology transfer, very few delegations took the floor (Canada was one). The G-77 and China continue to raise the question of Intergovernmental Technical Advisory Panels (ITAPs) but there was no discussion. Canada will respond to the request by the Secretariat to supply additional names for the Roster of Experts, particularly those with a background in economics and finance.

7. Climate Technology Initiative (CTI) -- The CTI continues to advance on many fronts. CTI began with fanfare at COP 1, but this was followed by only patchy progress over the past two years. It is now picking up a bit more attention, although few countries are actively supporting the initiative. Numerous meetings were held on the CTI on the margins of the SBSTA. Of particular interest to Canada, was the CTI Ad hoc group meeting, where Candel gave an update on the Task Force on Enhancing Markets for Emerging Technologies, for Canadian Chair Aube. Interest was shown by Italy, Netherlands, Sweden, Switzerland, USA, Germany and Japan on possible future participation. More generally, many dels, including Canada, the US and Italy, were critical of the lack of engagement of governments and encouraged a more strategic approach to the CTI, including developing a clearer link to technology commitments under the UNFCCC. Also of note was a CTI sponsored seminar on capital stock turnover in the electric utility sector, which will be followed by an IEA workshop on the same topic in Paris on 15-16 of Sept. CTI is promoting regional workshops on technology component of GHG emission reduction. Sweden hosted such a workshop in March 97 and plans have begun to hold another in Asia or China, probably in early 1998. The next CTI meeting will be held in the margins of the next SBSTA meeting.

8. NGO Consultative Mechanism-- Considerable attention was paid, somewhat unexpectedly, to this item beginning with the Secretariat and Executive Director (who had prepared three papers for consideration) and by the Environmental NGOs, industry and municipalities. ENGOS asked for greater access to, and participation in, government floor discussions. Some delegations, including Canada, supported the need for better input through existing mechanisms such as through the UNFCCC internet page. Candel also supported a limited increase in the number of interventions NGOs could be permitted during each meeting of the Subsidiary bodies and at COP3. Parties have been asked to provide more detailed comments by August 25, to be

compiled into a report for consideration at the next SBSTA session.

9. AIJ/JI -- Debate focussed on whether or not the SBSTA should conduct work on JI and crediting. This in turn raised many of the general concerns with JI, prior to the more fundamental discussion which had been anticipated for the AGBM (see our AGBM tel). Of particular concern to Canada was need to ensure that a synthesis report be prepared for the next SBSTA meeting, in preparation for consideration at COP 3. This is underway in the Secretariat. Although not in the formal conclusions of this SBSTA, further experts' meetings convened by the Secretariat, will be taking place. By way of follow up, next such meeting is anticipated for mid-Sept in Paris on subject of environmental benefits derived from AIJ projects. This will follow a UNEP/IEA sponsored JI experts meeting on broader methodological issues.

10. National Communications from all countries is slow. Of the Annex 1 countries, 11 have made submissions and 13 are outstanding. Of the non-Annex 1 countries, only 2 have made submissions. The discussion on National Submissions was not noteworthy. We informed the Secretariat informally of our preferences to postpone the review of Canada's National Submission to May 1998. A contact group, co-chaired by the U.S. and Malaysia was established to consider the review process for the national communications from non-Annex 1 Parties. G-77 and China and the U.S. have put forward proposals on this item and the EU noted that it will be making a submission prior to the October meeting.

11. Two contact groups were established to deal with the division of labour between the two bodies on the basis of a Secretariat paper, which generally well received. Most delegations supported that the SBSTA deal with S&T matters and the SBI with matters concerning implementation. Some of the G-77 countries raised the question of how best to treat transfer of technology. The Chairman asked the contact group to try to achieve maximum clarity although the situation will evolve and will need to be reviewed at some stage in the future.

12. In the discussion on methodological issues, most Annex 1 delegations noted that all proposed items in the Secretariat's paper were not immediately required by the COP and that priority should be given to inventories and to emission projections. Regarding the first, the IPCC/OECD/IEA has the lead on the development of the guidelines whereas the FCCC has the lead on their application. The G 77 tried several tactics for subverting this item, using it as an opportunity to raise the question of International Technical Assessment Panels (ITAPs). Several countries who might be adversely affected by climate change supported more work on adaptation (in the contact group note was made of the forthcoming IPCC workshop on adaptation that Canada is organizing).

13. No paper had been prepared for the item on methodological issues related to joint implementation. Norway noted that this was primarily a political issue and the Chairman suggested it be dealt with under the discussions of the AGBM. Canada recalled earlier discussions in SBSTA on the need for an earlier resolution of the issue before the end of the pilot phase.

14. On the item dealing with Activities Implemented Jointly (AIJ) more broadly a small group that included Canada was set up to draft acceptable options for dealing with the methodological questions. The contact group on methodologies began with a review of the Secretariat's paper, which provided a good opportunity to probe into exactly what the Secretariat was proposing to do and to provide it with information and guidance. By and large the discussion was constructive. However, representatives of Saudi Arabia and Kuwait again tried to subvert this discussion by trying to undermine the credibility of the Secretariat who they accused of not being representative of all regions and of bias. The Secretariat provided an analysis of the differences in base year GHG inventories produced by governments in their 1st and 2nd National Submissions (see attached). Only a small fraction is due to improved Global warming Potentials (GWPs). Group also heard presentations from other organizations (IPCC, UNEP and UNIDO) on work they were doing to contribute to these methodological issues.

15. The Chair of the contact group suggested developing a quote shopping list unquote with an indicative list of priorities. While being mindful of the budget constraints, the contact group focussed primarily on the substance of the proposed work. The contact group produced a Table with suggested funding, which was responsible in not wishing to put additional work on the IPCC without providing adequate financing. It gave highest priority to the work on inventorying GHG emissions and sinks. Regarding improved methodologies for emission projections, the Secretariat suggested focussing first on energy, agri/forestry, and transportation. Because this was somewhat arbitrary, the contact group suggested that the SBSTA return to this at their 8th meeting. There is no doubt the work on emission projections will be very difficult and there may not be an easy agreement on the most appropriate approach. The contact group also attached some priority to work on methods for evaluating and monitoring the effectiveness and effects of specific policies and measures as well as for methods for assessing adaptation strategies and technologies. The report of the contact group on methodologies was tabled at the SBSTA Plenary.

16. During the Agenda item on cooperation with relevant international organizations, presentations were made by the IOC, who mentioned the need for the modernization of sea-level observations; by the GEF/STEP (who came under some attack from the G-77 for not supporting the UNEP proposal on climate awareness); by the WMO, who reported on the Climate Agenda and CLIPS; and finally there was a presentation by the UNEP. Several

scientific presentations are planned for the next session of the SBSTA and the COP-3. IPCC chair also made presentations on the IPCC 3rd Assessment. They noted that it will focus on new science since the 2nd Assessment, that it will be policy-relevant but not policy-prescriptive, and will be finished by 2000/2001. The Synthesis Report will tackle a small number of key policy questions and Parties were invited to submit suggestions to the FCCC Secretariat by mid-January for inclusion in a document that can be considered at the first meeting of the SBSTA after COP-3. This should be completed before the expanded IPCC Plenary that is planned for March 1998. Watson made a plea, particularly to UNEP, for more support for impacts work. He also noted that he will be seeking help from some countries in translating parts of the full reports that will be prepared for the 3rd Assessment. In the general discussion several delegations referred to the Climate Agenda and of the need for continued research and systematic observations.

17. In the IPCC/FCCC Joint Working Group, the IPCC mentioned that it would welcome the SBSTA's advice and general guidance on the key policy issues that should be tackled in the 3rd Assessment. It is expected that there will be a discussion on this at the IPCC Plenary in mid-September to which all countries are invited. The IPCC chair (Bob Watson) spent some time talking about the Synthesis Report. It would not be a simple condensation of the full reports but would be devoted to a limited number of key policy issues. The work plan for the 3rd Assessment will be approved at an expanded IPCC Plenary next March after a series of expert meetings at the beginning of the year. Ongoing IPCC chair, Bert Bolin expressed his dissatisfaction with the Technical Papers that have recently been produced - he finds them too long and detailed. The Chairman of SBSTA suggested that the IPCC should have more profile within SBSTA. In this context he thought there could be improvements in the way the IPCC communicates with the SBSTA. Bob Watson responded positively to this suggestion but recognized the extra work that might be involved.

18. Other side meetings: World Bank made two presentations. Bob Watson presented Bank's work on its Energy and Environment Strategy. There are three elements for the draft WB strategy: 1) accelerate technological progress and transfer through promoting R&D, add renewable energy dimension to projects, modify WB's least-cost policy to stimulate low GHG-emission projects, broaden support for renewable energy/energy efficiency (RE/EE) projects and promote markets for RE/EE; 2) identify climate-friendly options in the WB's portfolio through incorporating a shadow value of carbon (\$20/ton) into evaluations and integrate climate change considerations into the Country Assistance Strategy; 3) mobilize new resources through pressing for full and timely replenishment of the GEF, explore partnership with GEF on renewable energies, promote GEF dialogue with the private sector, explore green pricing and assist in forming a carbon offsets market. The World Bank also presented the Global Carbon Initiative. Although the WB provides only a very small portion

of international investments in energy projects, but it has identified a facilitating role for itself. It will identify a number of associated (e.g. in the same host country) projects and then arrange private sector funding. Any investor in such a package of projects would thus have the risk reduced.

WRI (Duncan Austin) introduced a new publication "The Costs of Climate Protection: A Guide for the Perplexed". This easy-to-read report provides an overview of 16 leading economic simulation models of the USA economy.

19. Canadian Delegation: Canadian Delegation for SBSTA and SBI comprised of: Peter Fawcett, Jenifer Irish, Sushma Gera and Stephane Roberge from DFAIT, John Stone, John Drexhage, Joan Masterton, and Pascale Collas from Env Canada, Jean Cooper, Kristi Varangu, and John Legg from NRCan, Emmy Verdun from Industry Canada, Charles Lester from Depatt of Mines and Energy, Newfoundland and Labrador, P. Guimond from Industry, and Louise Comeau from the NGO community.

20. Common Interest Group (CIG) & JUSCANZ Meetings: As in the past, Canada chaired the JUSCANZ and Common Interest Group meetings. JUSCANZ meetings were held on a daily basis and CIG mtgs were called, as needed.

Tel prepared by Sushma Gera and approved by J. L. Irish

Delegation Report
AGBM 7
Louise Comeau
Sierra Club of Canada
Environmental Non-Government Representative

Five negotiating days remain before the Berlin Mandate expires October 31, 1997. Whatever agreement has been achieved by the end of the Eighth session of the Ad Hoc Group on the Berlin Mandate (AGBM) will then move forward to the Third Conference of the Parties meeting scheduled for Kyoto, Japan December 1 to 10, 1997.

Two possible outcomes are emerging and neither appear as if they will lead to real climate protection.

Scenario one:

Various U.S. constituencies, including members of Congress, succeed in preventing any agreement at AGBM 8, the Berlin Mandate expires and negotiations begin again in Kyoto on a Kyoto Mandate. Those supporting this scenario believe they will succeed in bringing into the negotiations commitments for developing countries long considered a key failure in the Berlin Mandate negotiated at the First Conference of the Parties in April 1995.

Such an outcome would be a severe blow to the Convention itself and a tragedy for the atmosphere. The likely result of such a scenario is collapse of the climate talks which would take years to repair. If developed (Annex I) Parties are serious about negotiating greenhouse gas emission reduction commitments for developing countries, these same Parties must show they are serious about meeting their current commitments. At this time, only three Annex 1 Parties (the U.K., Germany and Switzerland) are on track for meeting their year 2000 commitments, only five Parties had submitted their national action plans by the April 15, 1997 deadline, and by AGBM 7, only 13 Parties (of 36 due) had submitted their communications, initial analysis by the Convention Secretariat showed that most Parties had not followed the guidelines for reporting, particularly on policies and measures. In addition, since Parties signed on to the Convention in 1992, many have DECREASED spending on research and development, scientific assessment, monitoring and observation, etc., - key commitments in Article 4.1, the very article developed Parties are trying to, strengthen as a means of increasing the commitments of developing countries.

Negotiations aimed at securing emission reduction commitments for developing countries will involve give and take on both sides. In addition to technology transfer and financial resources, developing countries will demand that any further commitments to emissions reductions on their part be tied to full compliance by developed Parties, both with respect to the general provisions of the Convention and to meeting current and future legally binding emission reduction targets.

Scenario two:

Even if negotiations continue to move forward, there is a risk that so many "elements of flexibility" will be included in the protocol that real emissions reductions will not be achieved? Or it will be impossible to determine whether a target has actually been met.

Government negotiators broke into four "non groups" to negotiate on Article 4.1 (general commitments), Quantified Emission Limitation and Reduction Objectives (QELROS), Policies and Measures and Institutions during AGBM 7. The challenge was to reduce the more than 120 pages of Chairman's Negotiating Text, which included every possible proposal, into a single negotiating text. Final versions produced by the four non groups now include 75 pages of heavily bracketed text. Chairman Estrada has received support of the AGBM to proceed with intersessional negotiations and to produce a new Chairman's Text for AGBM 8. While the current text includes every conceivable option, Chairman Estrada revealed where his mind is headed during his press conference on the final day of AGBM 7.

Estrada is reported to have told the press that in his view the AGBM had agreed to:

1. commitments for 2005 and 2010;
2. differentiation, not using mathematical criteria, but political negotiations;
- 3 joint implementation among Annex I Parties;
4. legally binding Qelros;
5. budgets;
6. the use of the Framework Convention's existing objective and principles;
7. no borrowing.

Estrada told reporters that decisions had not yet been made on:

1. legally binding policies and measures;
2. use of the net approach;
3. coverage;
4. emissions trading.

The issue of joint implementation with developing countries (ie. countries with no targets) remains contentious, although strongly supported by Annex 1 countries like the US and Canada. Developing countries "officially" do not support joint implementation, although countries like Costa Rica are participating in projects. The U.S. has said that it intends to commit to emissions reductions only if it also is allowed to engage in emissions trading with countries that have commitments, and in joint implementation with countries that do not have commitments. The Climate Action Network does not support joint implementation with Parties that do not have reduction commitments for technical and security reasons.

Finally, Chairman Estrada has made it clear that while the Berlin Mandate does not allow for the negotiation of emission reduction commitments for developing countries, the Conference of the Parties does have the power to establish a process for negotiating future commitments for developing countries and that decision could be made at the Third Conference of the Parties meeting in Kyoto this December.

Given these elements, what is the basis for concerns that the outcome in Kyoto will not lead to real emissions reductions?

1. Commitments for 2005 and 2010. While no formal decision has been made, rumour has it that legally binding commitments for Annex 1 Parties will only begin in 2010 and that commitments for 2005 will not be legally binding. Instead, any target for 2005 will be monitored using "milestones" or criteria for gauging success such as percentage improvement in energy efficiency, renewable energy supply, etc., (as proposed by Japan). Such an outcome is unacceptable from a climate protection point of view. Progressive industry has made it abundantly clear that without a legally binding commitment for significant emission reductions

for 2005, investment in energy efficiency and renewable energy simply will not occur. Governments will have failed to send the clear market signal that is required to release pent up emissions reduction potential

2. Differentiation: Parties like Australia, Norway and Japan (with Canada's tacit support) argue that different starting points, and economic structures requires that different targets be negotiated for the various Annex I Parties. Australia and Norway also argue that the European Union agreement to share the burden of reaching its 15 per cent reduction among its members so that some increase emissions (the Cohesion states; Portugal, Spain, Greece) while others decrease more than the 15 per cent (the UK, Germany, Austria, Denmark) proves that a better target can be achieved using differentiation. The U.S., on the other hand, supports the same target for all Parties (flat rate), but with emissions trading: to compensate for differences in the marginal cost of abatement. The environmental community believes that there is enough potential to reduce emissions in each country that near-term reduction commitments should be flat rate and that joint implementation be restricted to Annex I countries (joint implementation would allow for reduction investments to occur anywhere within Annex I with reductions deducted from the investing country's inventory or shared between the two Parties).

Chairman Estrada has said that he will pursue an agreement on differentiation between now and AGBM 8 and that any final deal will be based on political negotiations, rather than mathematical formulas. There are two possible outcomes from such a process, and neither are acceptable from an environmental point of view.

One; The gap in perspective between high per capita emitters like Australia that believes it should reduce less, and low per capita emitters like Norway that believes countries like Australia should reduce more, cannot be bridged. Negotiations break down with no agreement on flat rate targets.

Two: Differentiated targets are agreed but in contrast with the Polluter Pays Principle, high per capita emitters like Canada (21 tonnes of carbon dioxide equivalent per capita) negotiate lower commitments, while low per capita emitters like the Europeans (half Canada's rate) are left to decide what to do with their political commitments to a 15 per cent reduction by 2010. The likely outcome: the European Union abandons its commitment to a 7.5 per cent reduction by 2005 and 15 per cent by 2010. The result: a lower overall commitment to reduce emissions and more climate change. Differentiation, if it could be negotiated (and that is not at all clear) should put additional pressure on high per capita emitters to reduce emissions both because there is more potential and because of equity considerations.

3, Budgets: Current proposals would allow for commitments to be made to two budget periods of up to ten years each. This would allow Parties to accumulate annual emissions into a ten-year budget allowing for flexibility year to year. Budgets could over Parties flexibility but must not be so long that the Convention cannot be responsive to emerging science or climate surprises. Budgets should not exceed three years. The U.S. has also proposed that banking be allowed for any reductions in excess of targets and that borrowing be allowed for Parties that fail to meet current targets. That is, Parties could "borrow" emissions from a second budget period at a penalty. Chairman Estrada has indicated the concept of borrowing is unacceptable and it is.

4. Legally binding policies and measures: Environmentalists believe that most policies and measures are domestic in nature and do not require international co-ordination. Marine and

airline bunker fuels are one area, however, where there appears to be a real need to co-ordinate internationally.

5. The net approach: The Framework Convention on Climate Change (FCCC) calls on Parties to "limit its anthropogenic emissions of greenhouse gases and protecting and enhancing its greenhouse gas sinks and reservoirs." The requirement of Parties to protect forests and control land use changes has been interpreted to mean that governments can DEDUCT any improvement in the capacity of forests and land to store carbon from fossil fuel EMISSION. Such an approach is completely unacceptable from an environmental point of view and dangerous for Canada from an emissions point of view. It is extremely difficult to calculate with any degree of certainty actual reductions achieved from carbon sequestration projects. In addition, these reductions, if achieved, are only temporary as any carbon stored will be released when forests die. Finally, scientific assessments of the impacts of climate change show that Canada's boreal forest is at risk of potential losses of up to two-thirds from forest fires and pest outbreaks. Should Canada continue to support the net approach it could face a situation where its managed forests become a significant and long-term source of carbon to the atmosphere with the result that Canada's inventory (and reductions requirements) increase rather than decrease.

6. Coverage: Canada has Long been a proponent of including all sources and sinks of greenhouse gas emissions in the Convention. There are two concerns; (1) the sources included in any protocol, and (2) the treatment of all gases as one basket where global warming potentials can be used to trade gases off against each other.

Sources: not all sources of greenhouse gas emissions can be measured with high levels of certainty; a critical point when dealing with a legally binding target. Methane for example, can be more accurately measured from oil and gas operations than it can from rice paddies. Carbon dioxide emission, particularly from energy source, can be accurately measured which is why Japan supports a protocol that includes only carbon dioxide emissions. Sierra Club (and the Climate Action Network globally) believes that only those sources that can be accurately measured be included in any legally binding emissions reduction protocol. As methodologies for measuring emissions from various sources improves, then those sources would be added to the protocol.

Basket versus gas-by-gas approach: The Climate Action Network has long supported a gas-by-gas approach for the Convention. Targets should be set for individual gases (carbon dioxide, methane, nitrous oxide, perfluorocarbons, hydrofluorocarbons) and be based on sources that can be accurately monitored and verified. The scientific community has developed the concept of Global Warming Potentials to identify the relative contribution to radiative forcing, from the various greenhouse gases. There are large uncertainties associated with these global warming potentials. Current values for GWPs will continue to be adjusted by the scientific community. Current proposals, however, could see today's values locked into commitments for 15 years or more. Changes to GWPs could mean that emissions reductions for gases other than carbon dioxide result in lower reductions than originally anticipated. Such an outcome supports the argument for short-term reduction commitments with budget periods of no more than 3 years, with targets set on a gas-by-gas basis.

In addition, governments like Canada are using global warming potentials to "add" the impact of emissions reductions by various gases and are reporting emissions on a CO₂-equivalent basis (carbon dioxide equals one; methane 24.5, nitrous oxide 320).

The Intergovernmental Panel on Climate Change (IPCC) has argued that this approach should not be followed. In its Technical Report on Stabilization of Atmospheric Greenhouse Gases: Physical, Biological and Socio-Economic Implications, the IPCC argues:

"Although the equivalent CO₂ concept is pedagogically useful and provides a means to compare the effects of CO₂ with other gases, it does have disadvantages. An important disadvantage arises from the non-linear relationship between radiative forcing and CO₂ concentration. This non-linear relationship means that, at higher CO₂ levels, it requires a larger CO₂ change to increase radiative forcing by the same amount because of this, radiative forcing changes can be added, but CO₂ equivalents can not be. "

"A further disadvantage of the equivalent CO₂ concept is that, in the context of impact assessments, it addresses only the climate change aspect. Other impacts of increasing CO₂ (e.g. fertilization), sulphate aerosol (acidification), and ozone may also be important. Also with the equivalent CO₂ concept, as with radiative forcing, a global aggregate measure subsumes information about regional impacts of climate change that are critical in assessing impacts. It would be possible, for example, to impose a forcing pattern on the climate system that had zero global mean forcing, but which would lead to large changes in regional climate."

7. Emissions trading: The United States is proposing that emissions trading be included in the protocol to allow Parties to reduce emissions more cost effectively. The current proposal is filled with so many options for flexibility (borrowing, budget of 5 - 10 years, banking, all gases, sources and sinks, etc..) that many in the environmental community find it difficult to believe that the U.S. is in fact serious about emissions reductions. The U.S. has not yet proposed an emissions reduction target making it even more difficult to assess the trading proposal. Rumour, however, has it that the U.S. will propose nothing more than stabilization of greenhouse gas emissions from 1990 levels by 2010. We are told the maximum we can expect is a reduction of 5 per cent from 1990 levels by 2010. Japan has also not made a formal proposal for a specific target, but three possibilities are emerging;

1. a cap of 3 tonnes CO₂/per capita from 1990 levels by 2010. Such a target would allow many countries, including many in Europe. as well as Japan to increase emissions by 2010. Japan's Environment Agency is arguing that per capita emissions in 2010 must not exceed their 1990 levels.

2. Parties could opt for the per capita approach or choose to stabilize at 1990 levels by 2010.

3. A reduction target of 3.5 per cent is rumoured, with the possibility that the U.S. would take on a lower target, say 1.5 per cent reduction from 1990 levels by 2010. Only carbon dioxide would be included.

Stabilization by 2010 on either a per capita or absolute basis is not in line with the potential Annex 1 countries have for reducing emissions cost effectively - with or without trading, nor is it in keeping with the reductions required to prevent potentially dangerous climate change. It certainly isn't clear whether such modest targets will induce emissions trading as the U.S. argues.

Conclusion

Proposals so far do little to protect the climate and, in fact may do more to increase emissions than to reduce them. Sierra Club is increasingly concerned that Parties, including Canada, are not yet negotiating in good faith and are not taking their current or future commitments to protect Canadians from climate change seriously.

**INDUSTRY PERSPECTIVE ON THE SEVENTH SESSION
OF THE AD HOC GROUP ON THE BERLIN MANDATE
JULY 28 - AUGUST 7, 1997, BONN**

The main objective of AGBM-7 was to produce a better organized and much leaner negotiating text, with the various options coherently laid out for decision. This objective required a high level of cooperation from Parties which was not forthcoming. Generally speaking, Parties stayed on their positions and did not make concessions.

With regard to the issues of primary interest to the business community, the following is noted:

Targets and timetables (QELROs): The EU is holding fast to its position of a 15% reduction in GHGs by 2010, and at least 7.5% by 2005. Despite significant pressure, the United States still has not revealed what target number it could support. The chairman of the non-group on QELROs rightly sensed that parties were not ready to negotiate and concentrated instead on trying to clarify the alternative proposals. This remains the most important and contentious issue, and undoubtedly will go down to the wire in Kyoto.

Policies and Measures: Little progress was evident in closing the gap between those who favour a set of mandatory coordinated policies and measures among Annex I countries, and those parties who would leave it up to national governments to decide what policies and measures are appropriate for their circumstances.

Emissions Trading and Joint Implementation: The United States continues to be the leading proponent of both concepts, but powerful forces are lined up in opposition. Formally, the EU still opposes emissions trading and supports JI only among Annex I countries. The Group of 77 and China appear to want to frustrate all progress on the pilot phase of joint implementation. The Environmental Defence Fund made an important presentation in favour of emissions trading. However, the United Mine Workers of America questioned the success of the sulphur trading program under the US Clean Air Act. As well, the International Federation of Industrial Energy Consumers (IFIIEC), came out in opposition to the use of emissions trading for climate change. They expressed concern that tradable permits mean a cap on greenhouse gas emissions, and thus on economic growth. They also stated that a trading program would increase their energy costs and penalize those who have already invested in energy efficiency.

Flexibility: Unlike emissions trading and joint implementation, which seem deadlocked, there appears to be increasing interest in emissions budgets and multi-year average baselines. While the EU seemed somewhat more open to discussing means of providing flexibility, they also made it clear that flexibility only comes with a sufficiently ambitious target, i.e. something more than stabilization by 2010.

Ratification and Entry into Force: Several proposals were in favour of a double

threshold before the protocol would enter into force, i.e. a specific number of countries comprising a defined percentage of global emissions would have to ratify. This is particularly important for Canada since we would not want to find ourselves in the situation where the protocol would be operational before the United States had ratified.

Developing Country Commitments: Little progress was seen, as developing countries continue to insist that the Berlin Mandate does not include new commitments for them. The United States has tried to make the proposition more attractive by emphasizing the voluntary aspects of its graduation proposal. However, there are positive signs that some developing countries see commitments as a possibility, provided adequate recognition is given to their low level of emissions historically, their need for economic development, and likely conditional upon further financial resources from OECD countries.

Differentiation: There was little official discussion of differentiation, as the non-group on QELROs did not really get to the issue of "distribution" of commitments. However, the idea does seem to be making some progress in the corridors. A variety of proposals is still on the table, but there are growing doubts that any formula-based approach could be found that would satisfy all parties. If at all, it is more likely to be undertaken on a negotiated basis, perhaps along the lines of the Australian proposal. However, several delegations have suggested that there can be no consideration of differentiation until specific targets are on the table.

Proposal by Brazil: The proposal put forward by Brazil was something of a wild card and not well understood. It contains ambitious reduction targets, but also proposes the development of quantitative targets for non-Annex 1 countries as they reach appropriate levels of well-being. Its suggestion of a fund to provide financing for greenhouse gas mitigation in developing countries is sure to be controversial, given that the fund is tied to the level of non-compliance in Annex 1 Parties. Also of interest is the proposal to tie targets for developed countries to their historical levels of emissions, which potentially could be more favourable for Canada.

It is important to note that at this point in the UN negotiating process, a slim negotiating text with some square brackets should already be on the table. Moreover, negotiations on remaining issues should be well underway. At previous international negotiations, such as the Montreal Protocol, the process at this stage had already dealt with all but a few contentious issues and they were proposed for consideration at the ministerial level by the COP. However, the climate change negotiations have a history of being high pressure, last minute affairs. If the Chairman is not successful in narrowing the process and issues at AGBM-8, there simply will be too many important matters requiring decisions in Kyoto. Such high expectations are a recipe for a highly volatile and pressure-packed COP-3.

AGBM DOCUMENTS

DRAFT REVISED NEGOTIATING TEXT BY THE NON-GROUP CHAIRMAN
QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES

- A. Coverage
- B. Nature of target and baseline
- C. Over-achievement/banking
- D. Under-achievement/borrowing
- E. Parties with economies in transition
- F. Regional economic integration organizations
- G. Flexibility
 - 1. Emissions trading
 - 2. Joint implementation
 - 3. Cooperative efforts by interested Parties
- H. Possible impacts on developing countries
- I. Review of information and review of implementation and compliance
- J. Measurement, reporting and communication of information
- K. Annex listing gases
- L. Annex to the report of the Chairman of the non-group on QELROs

INFORMATION NOTE

- All paragraphs remain open for final negotiation, and are not agreed, including all words/phrases within each paragraph; and existing brackets within each paragraph do not prejudice the status of that paragraph.
- In the view of many delegations, there are some very important interlinkages between the different elements of the revised negotiating text which follows. Inclusion of proposals in any section of the text does not prejudice consideration of those interlinkages and the negotiating process will need to allow for them to be properly addressed.

A. Coverage

1. For the purposes of this agreement, QELROs shall apply to anthropogenic emissions by [all] sources [and anthropogenic removals by sinks] [for which agreed inventory methodologies exist] [not including land use change and forestry] of [carbon dioxide/the greenhouse gases [from the source categories/sectors] listed in Annex G/all greenhouse gases not controlled by the Montreal Protocol] [weighted by global warming potentials with 100 year time horizons, as listed in Annex G].

2. Methodologies for establishing anthropogenic emissions by sources [and anthropogenic removals by sinks] shall be the best available methodologies accepted by the Intergovernmental Panel on Climate Change and as decided upon by the Conference of the Parties to the Convention at its third session. [Where such methodologies are not used, appropriate adjustments shall be applied according to methodologies agreed by the [Conference/Meeting] of the Parties.]

[3. The criteria for [the addition of greenhouse gases [or source categories/sectors] to the list in Annex G] [or] [for agreeing new inventory methodologies or global warming potentials] [are/include] the following:

(a) The availability of an agreed value for the relative global warming potential of the greenhouse gas;

(b) The availability of a comparable methodology for the accurate estimation of anthropogenic emissions by sources [and anthropogenic removals by sinks] of the greenhouse gas; and

(c) The significance of the greenhouse gas in terms of its contribution to global warming.]

[3. bis. The first Meeting of the Parties to the protocol shall decide on criteria for the addition of greenhouse gases [or source categories/sectors] to the list in Annex G.]

[4. Based on the work of the Intergovernmental Panel on Climate Change, the Parties shall regularly review, and as appropriate revise, [the list of greenhouse gases [and source categories/sectors] in Annex G] [and] [agreed global warming potentials [in Annex G] and methodologies] [with a view to including other greenhouse gases [and source categories/sectors] not controlled by the Montreal Protocol in Annex G.]

5. [Any changes to a global warming potential or methodology] [The greenhouse gases [and source categories/sectors] added to the list in Annex G] shall only apply to QELROs which are adopted after [such changes are agreed] [their inclusion].]

B. Nature of target and baseline

As yet, no consensus has been reached on QELROs. A number of proposals based on a flat rate approach have been consolidated in this text. As in other parts of the text, the Parties recognise that when consensus on the establishment and nature of QELROs is reached, further consolidation and amendment of the text will be required.

Alternative A

[6. [Each of] the Parties included in [Annex I to the Convention/Annex Q] shall, [individually or jointly] [as set out in Annex [Y]]:

[(a) Return their anthropogenic emissions by [all] sources [and removals by sinks] of [carbon dioxide/the greenhouse gases [from the source categories/sectors] listed in Annex G/all greenhouse gases not controlled by the Montreal Protocol] to [1990 levels/average levels over the period [1988] to [1992]] by 2000 and]

[(b) Reduce their [average] anthropogenic emissions by [all] sources [and removals by sinks] of [carbon dioxide/the greenhouse gases [from the source categories/sectors] listed in Annex G/all greenhouse gases not controlled by the Montreal Protocol] below [1990 levels/average levels over the period [1988] to [1992]] by [at least] [5/7.5/10/15/20 percent] [an achievable and realistic percentage, including a 15 per cent reduction of carbon dioxide] [by/over the period 20_ to [2005/2010]; [and]

[(c) Further reduce such anthropogenic emissions by [an average of] [15/ [to] 20] per cent] below [1990 levels/average levels over the period [1988] to [1992]] [by/over the period 20_ to] [2005/2010/2020].]

[(d) In the longer-term, more sophisticated methods to allocate reduction targets shall be implemented, in accordance with paragraph _, eventually leading to convergence of emission levels based on appropriate indicators.]

Alternative B

[7. Annex [Q] Parties' emission limitation commitments shall be established for [_ emission budget periods of _ years each beginning in [20_]] [the emission budget periods [20_] to [20_], [20_] to [20_], etc (as many as are agreed)].

Level and Timing of emission limitation commitments for Annex [Q] Parties

7.1 For the first budget period from [20_] to [20_] each Annex [Q] Party shall have a number of tonnes of [[carbon/CO₂] equivalent] allowed equal to [_] per cent of the [annual average] [net] anthropogenic emissions of all sources [and anthropogenic removals by sinks] [not including land use change and forestry] of the greenhouse gases [from the source categories/sectors] listed in Annex G [in 1990] [in the period [1988] to [1992]] multiplied by (*number of years in the budget period*).

7.2 For the second budget period from [20_] to [20_], each Annex [Q] Party shall have a number of tonnes of [[carbon/CO₂] equivalent] allowed equal to [] (*a percentage equal to or less than the percentage in the paragraph above*) of the [annual average] [net] anthropogenic emissions of all sources [and anthropogenic removals by sinks] [not including land use change and forestry] of the greenhouse gases [from the source categories/sectors] listed in Annex G [in 1990] [in the period [1988] to [1992]] multiplied by (*number of years in the budget period*).

7.3 Possible subsequent budget periods as agreed and described in paragraph _

[Level and Timing of emission limitation commitments for Annex [Q1] Parties

7.4 Annex [Q1] Parties' emission limitation commitments shall be established for [] emission budget periods of _ years each beginning in [20_] [the emission budget periods [20_] to [20_], [20_] to [20_], etc (*as many as are agreed*)].

7.5 For the first budget period from [20_] to [20_] each Annex [Q1] Party shall have a number of tonnes of [[carbon/CO₂] equivalent] allowed as agreed pursuant to paragraph _ (*Procedure for establishing Annex Q1 Party Commitments*).

7.6 Possible subsequent budget periods as agreed and described in paragraph _]

Meeting emission limitation commitments

7.7 Each Annex[Q] [and Annex [Q1]] Party shall [individually or jointly] ensure that its [net] anthropogenic emissions of greenhouse gases [from source categories/sectors listed] in Annex G [plus its anthropogenic emissions and removals from land use change and forestry] do not exceed its emissions budget for any applicable budget period, as specified in this article.

Calculation of emissions budget

7.8 For each Annex[Q] [and Annex [Q1]] Party, [its/their] emissions budget in the respective budget period shall be denominated in tonnes of [[carbon/CO₂] equivalent] emissions allowed and shall equal:

(a) The tonnes of [carbon/CO₂] equivalent emissions it is allowed under paragraphs _ , _ [and] [,] _ [, _ , _ and _] above (*allowed emissions from emission limitation commitments for Annex [Q] [and Annex Q1 Parties]*); plus

[(b) Tonnes of [[carbon/CO₂] equivalent] emissions allowed that are carried over from a prior budget period under paragraph _ (*banking*); plus]

[(c) Up to [] per cent] of the tonnes of [[carbon/CO₂] equivalent] emissions allowed such as may be borrowed from the subsequent budget period under paragraph _ (*borrowing*); plus]

[(d) Any tonnes of [[carbon/CO₂] equivalent] emissions allowed that are acquired

from another Annex [Q] [or Annex Q1] Party from their emissions budget under emissions trading provisions permitted in Article_ (*emissions trading*); minus]

[(e) Any tonnes of [[carbon/CO₂] equivalent] emissions allowed that are transferred to another Annex [Q] [or Annex Q1] Party under emissions trading provisions permitted in Article_ (*emissions trading*); plus]

(f) Any tonnes of [[carbon/CO₂] equivalent] emissions allowed that are acquired from another Party under joint implementation provisions permitted in Article_ (*joint implementation*); [minus]

[(g) Any tonnes of [[carbon/CO₂] equivalent] emissions allowed that are transferred to another Party under joint implementation provisions permitted in Article_ (*joint implementation*); [minus]

[(h) Any tonnes of [[carbon/CO₂] equivalent] emissions from anthropogenic land use change and forestry [sources listed in Annex [G1]] (*eg land clearance and forest harvest*); plus]

[(i) Any tonnes of [[carbon/CO₂] equivalent] removals from anthropogenic land use change and forestry [sources listed in Annex [G1]] (*eg land reversion and forest growth*)]

[Procedure for establishing Annex Q1 Party Commitments]¹

7.9 Any Party not listed in Annex [Q] to this Agreement may at any time on a voluntary basis request that it be listed in Annex [Q1] by submitting a request to the secretariat.

7.10 Each such request shall include the following information:

(a) An inventory of emissions for each year immediately preceding the budget period identical in extent to the number of years in the current budget period;

(b) A description of key policies and measures to be taken to limit or reduce emissions;

(c) A projection of emissions over the budget period in the absence of national policies and measures to limit or reduce greenhouse gas emissions and a projection of emissions anticipated over the same period as the result of such policies and measures;

(d) A proposed emissions budget for the budget period then applicable to Annex [Q] Parties, prorated based on the number of years remaining in the budget period

¹ See also paragraphs 165 to 173 in the section "voluntary application of commitments by non-Annex I Parties" in the document FCCC/AGBM/1997/3/Add.1 for further proposals on this matter.

if such budget period has already begun.

7.11 On receipt of a request under paragraph __, the secretariat shall immediately notify the Parties and provide a summary of the information contained in paragraph __.

7.12 Not later than 60 days after receipt of a request under paragraph __, the Secretariat shall query each Annex [Q] Party and each Annex [Q1] Party to determine whether it can accede to the request.

7.13 In considering each request under paragraph __, Annex [Q] and Annex [Q1] Parties shall take into account the information provided under paragraph __ as well as such factors as projected population growth, projected GDP per capita growth and emissions intensity of GDP related to the Party submitting the proposal.

7.14 If the secretariat determines that a consensus of Annex [Q] and Annex [Q1] Parties exists, it shall notify the Party that submitted the request, and all other Parties, that the request has been approved and that such Party shall henceforth be listed in Annex [Q1].

7.15 If the secretariat determines that a consensus does not exist, it shall consult with each Annex [Q] Party and with each Annex [Q1] Party, as well as with the Party that submitted the request, with a view to determining whether there may be scope to amend the proposal under paragraph __ so as to achieve a consensus for approval of the request.]]

Alternative C

Basis of commitments.

[8. In their actions to achieve the objective of the instrument and to implement its provisions, the Parties shall give effect, inter alia, to the following:

(a) The Parties affirm that to ensure equity between them and to maximize the environmental effectiveness of this instrument, commitments under Part __ (*commitments of specified Parties*) of this instrument are governed by the principle that mitigation action by Parties listed in Annex [Q] shall result in those Parties incurring equal percentage changes in per capita economic welfare;

(b) The Parties affirm that commitments under Part __ of this instrument reflect:

- (i) The need for equitable and appropriate contributions for each of the Parties undertaking commitments, their differences in starting points and approaches, their economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances; and
- (ii) The situation of those Annex [Q] Parties with economies that are highly dependent on income generated from the production, processing and export and/or consumption of fossil fuels and associated energy-intensive products and/or the use of fossil fuels for

which such Parties have serious difficulties in switching to alternatives.

(c) The Parties affirm that the requirements of the principles set out in subparagraphs (a) and (b) above are best met through the use of indicators, including the following, recognising that the importance of each indicator varies in accordance with individual circumstances:

- (i) Projected population growth;
- (ii) GDP per capita growth;
- (iii) Emission intensity of GDP;
- (iv) Emission intensity of exports; and
- (v) Fossil fuel intensity of exports.

Nature and level of commitments

8.1 Each of the Parties listed in Annex [Q] shall [individually or jointly] aim to achieve the QELRO listed for it in that Annex for the limitation and reduction of anthropogenic emissions by sources and sinks of all greenhouse gases not controlled by the Montreal Protocol. The range within which each Party's differentiated QELRO would fall will be between a 30 per cent reduction by 2010 from its 1990 level of such emissions and a 40 per cent increase by 2010 over its 1990 level of such emissions.

Negotiation of commitments

8.2 (a) By a specified date (one month before the date stipulated in subparagraph (b) below), Parties shall specify a collective Annex [Q] QELRO or an indicative range for a collective Annex [Q] QELRO to guide the submission of QELRO proposals by each of the Annex [Q] and prospective Annex [Q] Parties. This collective QELRO shall fully reflect the most recent information regarding the scientific understanding, technological developments, economic and other socio-economic factors relating to global climate change, in accordance with the requirements of Article _ (*principles*);

(b) Each Annex I Party and any other Party electing to be listed in Annex [Q] should submit a conditional initial QELRO proposal by a stipulated date in which it specifies the QELRO which it is willing to assume through applying the requirements of Article _ (*principles*) to its particular circumstances and any other relevant individual circumstances. Such proposals should contain sufficient information to enable other Parties to meet the requirements of subparagraph (d) below. Parties should explain in their proposals, utilizing internationally accepted data, the factors affecting their anthropogenic emissions by sources and sinks of all greenhouse gases not controlled by the Montreal Protocol, the requirements of Article _ (*principles*) with reference to the indicators elaborated in Article _ (*differentiated QELROs*) and any other relevant individual circumstances, and should explain in specific detail how the application of these

indicators individually or in combination has guided that Party in the determination of its particular QELRO. In the case of proposals involving regional economic integration organizations, such organizations or their members should indicate which provisions of Article _ (*regional economic integration organizations*) they will be seeking to avail themselves of in implementing their QELRO commitments;

(c) All QELRO proposals shall be circulated to all Parties in the negotiations in order to provide transparency;

(d) Negotiations will take place among Parties which have submitted initial QELRO proposals. These negotiations will take place in the two month period following the date stipulated in subparagraph (b) above and shall be conducted on the basis of the submitted proposals and other relevant information. Such Parties should assess the QELROs proposed to satisfy themselves that they:

- (i) Reflect a reasonable application of the indicators in Article _ (*criteria for differentiation*); and
- (ii) Meet the requirement of comparable levels of effort by each of the Annex [Q] and prospective Annex [Q] Parties in contributing further to achieving the objective of the Convention, in accordance with Article _ (*principles*).

(e) In order to facilitate the negotiations under subparagraph (d) above, any Annex [Q] or prospective Annex [Q] Party may request specific information from any other Party who has submitted a QELRO proposal, including estimation of the effects of existing policies and measures and proposed new measures on emission projections. Parties shall respond to such requests in an expeditious manner;

(f) The initial QELRO proposals will be the subject of a review and assessment process by all Parties, taking place in the two month period following the date stipulated in subparagraph (b) above, to determine:

- (i) Whether there should be any adjustment to the specified collective Annex [Q] QELRO under subparagraph (a) above; and
- (ii) Whether Parties should be invited to submit revised QELRO proposals to ensure equitable and appropriate contributions in meeting the collective QELRO, or to further enhance the collective QELRO. Any such revised QELRO proposals would be the subject of further negotiations in accordance with subparagraph (d) above and should conclude within the three month period following the date stipulated in subparagraph (b) above.

(g) After negotiations on QELRO proposals are concluded, each Annex [Q] and prospective Annex [Q] Party shall communicate its resultant negotiated QELRO to the secretariat for inscription into Annex [Q]. The resultant collective Annex [Q] QELRO should be inscribed in Article _ (*objective*).

8.3 The commitments of Parties as listed in [Annex Q] shall, consistent with the principles set out in Article 3 of the Convention, reflect fully the situation of each Party or specified group of Parties in respect of the indicators in paragraph _ above.]

Alternative D

[9. The Parties listed in Annex I to the Convention shall [individually or jointly] cooperate to ensure that their total aggregate [annual average] [net] emissions of greenhouse gases for the first period from [20_ to 20_] is [] per cent lower than their total aggregate emissions of greenhouse gases for [19_] [the period from 19_ to 19_].

9.1 The Parties listed in Annex I to the Convention shall further cooperate to ensure that their total aggregate [annual average] [net] emissions of greenhouse gases for the second period from [20_ to 20_] is [] per cent lower than their total aggregate emissions of greenhouse gases for [19_] [the period from 19_ to 19_].]

9.2 *Further periods, as agreed.*

9.3 The quantified emission limitation and reduction objective for each of the Parties listed in Annex I to the Convention shall be based on the following indicators calculated for each Party [to be applied on their projected net emissions of greenhouse gases,] and adjusted in accordance with other national circumstances:

(a) An indicator reflecting emission intensity, defined as CO₂ [equivalent] emissions per unit of GDP;

(b) An indicator reflecting level of [CO₂ /greenhouse gas] emissions, defined as the share of CO₂ [equivalent]emissions per capita;

(c) An indicator reflecting the level of economic development, defined as GDP per capita;

(d) An indicator reflecting the share of renewable energy in energy supply; and

(e) _.

9.4 The QELRO for each developed country Party listed in Annex I to the Convention on the basis of the provisions of this Article are set out in Annex A to this Protocol.]

Alternative E

[10. Each Party included in Annex I to the Convention shall select one of the following two quantified limitation and reduction objectives for its anthropogenic CO₂ emission by sources [to be achieved individually or jointly] within the specified time-frames set out below:]

(a) To maintain its anthropogenic emissions of CO₂ over the period from [2000 +x] to [2000+x+[5]] at an average yearly level not more than p tonnes of carbon per

capita; or

(b) To reduce its anthropogenic emissions of CO₂ over the period from [2000+x] to [2000+x+[5]] at an average yearly level of not less than q per cent below the level of the year 1990.

10.1 *(Shall define the calculation of emissions budgets).*

10.2 The Meeting of the Parties entrusts a study on anthropogenic emissions by sources of greenhouse gases, other than carbon dioxide, not controlled by the Montreal Protocol, and removals by sinks of all greenhouse gases, not controlled by the Montreal Protocol, to the Subsidiary Body for Scientific and Technological Advice provided for in Article 9 of the Convention. Until such time as appropriate measures are decided upon by the Meeting of the Parties on the basis of the study, each Party included in Annex I to the Convention shall make as much effort as possible not to increase its anthropogenic emissions by sources of greenhouse gases, other than carbon dioxide, not controlled by the Montreal Protocol, and to promote sustainable management, conservation and enhancement of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol.]

Alternative F

[11. The developed country Parties and other Parties included in Annex [Q] of the Protocol commit themselves to maintain, individually or jointly, their average annual levels of net anthropogenic emissions of [CO₂/greenhouse gases] in the period from 2000 to 2010 at 1990 levels, or at the level of any other year taken by these Parties as a base year.

11.1 Quantitative objectives to limit and reduce net anthropogenic emissions of greenhouse gases by Annex [Q] Parties to the Protocol after 2010 shall also be regulated. Quantitative objectives for the first period following the period from 2000 to 2010 should be adopted no later than 2007.

11.2 The developed country Parties and other developed Parties included in Annex [Q2] to the Protocol, aiming to enhance their commitments and taking into account their real possibilities, shall also adopt the following additional differentiated obligations to reduce their net anthropogenic emissions of [CO₂/greenhouse gases] below 1990 levels: *[to be developed on the basis of proposals by Annex II Parties in terms of percentage of net anthropogenic emissions of greenhouse gases from 1990 levels or from the level of another year to be taken as a benchmark].*

Alternative G

[12. Countries shall be grouped in categories differentiated by increments of 5 tons of annual CO₂ equivalent emissions per capita. The first category shall contain countries with emissions between 3 and 5 tons, the second category countries between 5 and 10 tons, and so on. Countries in the same category shall receive the same QELROs, starting, for the first category, with an emission cap (stabilization at 1990 levels beyond 2000).]

[12.1 Parties may achieve their QELROs individually or jointly.]

Alternative H

[13: Annex [Q] Parties, individually or jointly, shall reduce their emission levels for CO₂, CH₄ and N₂O together (weighted total, using GWP with a 100 year time horizon) so that this total, in 2005, does not exceed its level for reference year 1990 or the period determined in accordance with Article 4.6 of the Convention.

13.1 Each Annex [Q] Party shall, [in its instrument of ratification, acceptance, approval or accession,] notify the percentage of intended emission reduction level in accordance with the paragraph above.

13.2 Furthermore, Annex [Q] Parties shall take effective measures to control and/or, [where appropriate,] to reduce their emission levels for CO₂, CH₄ and N₂O together (weighted total, using GWP with a 100 year time horizon) beyond 2005, taking into account the emission level for reference year 1990 or the period determined in accordance with Article 4.6 of the Convention.]

Alternative I

[14. For the purposes of this Protocol, the following greenhouse gases not controlled by the Montreal Protocol shall be considered: carbon dioxide, methane and nitrous oxide.

14.1 Effective emissions references are established for the totality of Annex I Parties and for each Annex I Party, equal to the respective effective emissions corresponding to a constant level of net anthropogenic emissions of each greenhouse gas in the period 1990 to 2020, equal to the level of net anthropogenic emissions in 1990, and taking the initial concentrations in 1990 to be equal to zero.

14.2 An effective emissions ceiling is established for the totality of Annex I Parties equal to the effective emissions corresponding to a constant level of net anthropogenic emissions in the period 1990 to 2000, equal to the level of net anthropogenic emissions in 1990, and decreasing regularly from 2000 to 2020 to a value, in 2020, that is 30% lower than the 1990 value, and taking the initial concentrations in 1990 to be equal to zero.

14.3 Effective emissions reduction targets are established for each of the periods 2001-2005, 2006-2010, 2011-2015 and 2016-2020, for the totality of Annex I Parties, equal to the difference between the effective emissions reference and the effective emissions ceiling, both computed as provided for in the paragraphs above, for each of the above periods, and taking the initial concentrations in each period to be equal to zero.

14.4 A relative responsibility of each Annex I Party with respect to the totality of Annex I Parties is established, for each of the periods 1990-2000, 2001-2005, 2006-2010, and 2011-2015, equal to the relative fraction of the effective emissions which is attributable to that Party, with respect to the ensemble of Annex I Parties, by considering, for each of the above periods, constant [net] anthropogenic emissions equal to its value in the initial year of the period, and the respective concentrations in the initial year of the period. The

Parties may wish to adjust the individual relative responsibilities to take into account special considerations provided for in the UNFCCC.

14.5 An individual effective emissions reduction target is established for each of the periods 2001-2005, 2006-2010, 2011-2015 and 2016-2020, for each Annex I Party, equal to the share of the effective emissions reduction target for the totality of Annex I Parties, that represents a fraction of the total equal to their relative responsibility for the periods 1990-2000, 2001-2005, 2006-2010, and 2011-2015, respectively. Such targets may be achieved individually or jointly among Annex I Parties.

14.6 An individual effective emissions ceiling is established for each of the periods 2001-2005, 2006-2010, 2011-2015 and 2016-2020, for each Annex I Party, equal to the difference between the corresponding effective emissions reference and individual effective emissions reduction target.]

[14.7 Parties may achieve their QELROs individually or jointly.]

C. Over-achievement/Banking

Alternative A

(Banking between budget periods)

Alternative A1

[15. At the end of a budget period applicable to a Party, any amount by which the Party's emissions of tonnes of [[CO₂/carbon] equivalent] is under its emissions budget for that period may be carried over and added to its emissions budget for the next budget period.]

[15.1 Emission levels achieved before the start of the first budget period after 2000 cannot be banked.]

Alternative A2

[16. In order to provide each Annex [Q] and Annex [Q2] Party with necessary flexibility in the implementation of its commitments fixed in Article _ (QELROs) of this Protocol, each Annex [Q] and Annex [Q2] Party has the right to use quotas of its [net] anthropogenic emissions of greenhouse gases in the framework of the concrete period for which quantitative objectives are determined and valid. If an Annex [Q] or Annex [Q2] Party achieves real reductions in net anthropogenic emissions of greenhouse gases which are greater than that determined by its commitments, this difference (in terms of the sum of annual reductions of tonnes of carbon equivalent) is registered as a contribution to the fulfillment of that Party's commitments for the next period.

16.1 In order to provide each Annex [Q] and Annex [Q2] Party with necessary flexibility, if the real reduction in [net] anthropogenic emissions of greenhouse gases achieved by any such Party in previous years was greater than its appropriate level of commitments, this difference (determined in terms of the sum of annual reductions of

tonnes of carbon equivalent) will be accounted for this Party for the next period in its quota of net anthropogenic emissions of greenhouse gases.]

Alternative B

(banking of over-achievement prior to 2000)

[17. Those Parties which, in accordance with Article 4.2(a) of the Convention, modified their longer-term trends in anthropogenic emissions of CO₂ and other greenhouse gases not controlled by the Montreal Protocol to achieve the objective of the Convention, and reduced their anthropogenic emissions below the reference year of 1990, will use their aggregated reductions achieved in the period from 1990 to 2000 to fulfil the reduction objectives of the Protocol in the period from 2001 to 2015.]

D. Under-achievement/Borrowing

Alternative A

(Higher QELRO as penalty)

Alternative A1

[18. Parties included in Annex I to the Convention that fail to [return to/stabilize] their 1990 levels of anthropogenic emissions by 2000 [will be required to exert additional efforts to/shall] reduce their anthropogenic emissions by [an additional] [/5/15] per cent of their 1990 levels by 2005 and by [an additional] [/5/20] per cent by 2010.]

Alternative A2

[19. At the end of a budget period applicable to a Party, [up to [] tonnes/any amount of tonnes] of [CO₂/carbon [equivalent]] emissions allowed that is borrowed from the subsequent budget period shall be subtracted at a rate of [1.2:1] from the subsequent budget period².

19.1 At the end of a budget period applicable to a Party, any amount of tonnes of carbon equivalent emissions over its emissions budget shall be subtracted at a rate of [rate greater than that in the paragraph above] from the subsequent budget period.]

Alternative B

(Financial contribution as penalty)

[20. There shall be a periodic evaluation, for the periods 2001-2005, 2006-2010, 2011-2015 and 2016-2020, of the compliance by each Annex I Party with the commitments to maintain its effective emissions below the respective effective emissions ceiling, including the calculation of the difference between the effective emissions based on reported net anthropogenic emissions, and the corresponding effective emissions ceiling.

² This paragraph should be read together with paragraph 7.8 (c).

20.1 A contribution shall be made to the financial mechanism of the Convention by each Annex I Party found to be in non-compliance in accordance with the paragraph above, on the basis of 3.33 US\$ (three US dollars and thirty-three cents) for each effective emissions unit above the effective emissions ceiling calculated as per the paragraph above, expressed in tCy equivalent.

20.2 The financial mechanism of the UNFCCC shall establish a non-Annex I clean development fund to receive the contributions made in accordance with the paragraph above.

20.3 The financial resources of the non-Annex I clean development fund shall be made available to non-Annex I Parties for use in climate change mitigation and adaptation projects according to guidelines to be established by the fourth Conference of the Parties to the UNFCCC.

20.4 The financial resources of the non-Annex I clean development fund allotted to climate change adaptation projects shall not exceed ten percent of the total amount of this fund in any year.

20.5 The financial resources of the non-Annex I clean development fund allotted to climate change projects in each of the periods 2001-2005, 2006-2010, 2011-2015 and 2016-2020 shall be made available to non-Annex I Parties that wish to implement such projects, in the same proportion as their fraction of the overall non-Annex I Parties effective emissions, determined for the periods 1990-2000, 2001-2005, 2006-2010, and 2011-2015, respectively, by considering , in each period, a constant level of [net] anthropogenic emissions, equal to the arithmetic mean of the reported [net] anthropogenic emissions, and initial concentrations, for the period 1990-2000 equal to zero, and for the periods 2001-2005, 2006-2010, and 2011-2015, equal to that resulting from the [net] anthropogenic emissions considered in the previous periods.]

E. Parties with economies in transition

Alternative A

[21. There shall be no differentiation with respect to the base year, target year or levels for the QELROs/commitments of any Annex I Party.]

Alternative B

[22. The base year for Annex I Parties should be set in accordance with Article 4.2(b) of the Convention, or another year or period agreed by the Conference of the Parties at its second session in accordance with Article 4.6 of the Convention.]

[22.1 Such flexibility should take into account their real contribution in reducing greenhouse gas emissions into the atmosphere, which has taken place since 1990 due to economic reasons. In accordance with the principle of allowing a certain degree of flexibility regarding commitments for the Parties included in Annex I to the Convention undergoing the process of transition to a market economy, taking into account their real

reduction in [net] anthropogenic emissions of greenhouse gases during the period from 1990 to 2000 and the need to enhance the ability of these Parties to solve climate change problems, such a Party has the right to maintain, after 2010, its average annual levels of [net] anthropogenic emissions of greenhouse gases at 1990 levels (or at the level of another year taken by such a Party as a benchmark) until that Party achieves the average GDP per capita of Annex [Q2] Parties.]]

F. Regional economic integration organizations

[23. Regional Economic Integration Organizations

(a) States which are members of a regional economic integration organization may cooperate in the implementation of their commitments under this instrument. Such organizations may assist their members in implementing their commitments by taking appropriate action within their field of competence. Such action may include the adoption of policies and the taking of measures on an organization-wide basis;

Organization a Party and no member States are Parties

(b) Any regional economic integration organization may become a Party to this instrument without any of its member States becoming a Party only if it certifies in its instrument of ratification, acceptance, approval or accession that under its internal constitutional arrangements the organization itself has sufficient competence to ensure full compliance with all obligations of that organization under the instrument, including those in respect of achievement of its QELRO and implementation of policies and measures. In such cases, the regional economic integration organization shall be bound by all the obligations under the instrument on behalf of all of its members. A single QELRO shall be inscribed for the organization in Annex [Q]. To ensure a level of transparency equivalent to that required of other countries to which this instrument applies, the individual QELRO applicable to each member State under any internal arrangement shall also be listed immediately below the inscription for the organization;

Both organization and one or more member States are Parties

(c) In the case of such organizations, one or more of whose members is also a Party to the instrument, the following provisions shall apply:

- (i) In respect of QELRO commitments under this instrument, if a regional economic integration organization certifies in its instrument of ratification, acceptance, approval or accession that under its internal constitutional arrangements the organization itself has sufficient competence to ensure full compliance with the QELRO commitment listed for it in Annex [A], the organization may elect to be solely responsible for meeting that commitment. In such circumstances, a single QELRO shall be inscribed for the organization in Annex [A]. To ensure a level of transparency equivalent to that required of other Parties, the individual QELRO applicable to each member State under any internal arrangement shall

also be inscribed in Annex [A], but such member States shall not individually be responsible under this instrument for performance of such QELROs;

- (ii) In the absence of the certification of competence required in subparagraph (i) above, the QELROs applicable to each member State shall be inscribed in Annex [A]. Each member State shall individually be responsible for performance of that QELRO to the same extent that other Parties listed in that Annex are for the QELROs listed for them;
- (iii) The Party or Parties responsible under subparagraphs (i) and (ii) above for performance of QELRO commitments shall also be responsible for obligations under this instrument to report on performance of those commitments; and
- (iv) In respect of commitments under this instrument other than QELRO commitments and the reporting obligations referred to in subparagraph (iii) above, an organization and its member States shall decide on their respective responsibilities for the performance of such obligations and shall notify the Depositary of that apportionment of responsibility in their respective instruments of ratification, acceptance, approval or accession. In such cases, the organization shall be bound to perform that part of the obligations it notifies that it will undertake and the member States shall each be bound to perform all other obligations. In the absence of such notification, the member States shall individually be responsible for performance of all such obligations.

(d) Without limiting the scope of any of the foregoing provisions, the ratification, acceptance, approval or accession of regional economic integration organization shall not be effective unless and until the following two conditions are met:

- (i) The organization has declared in detail in its instrument of ratification, acceptance, approval or accession the precise nature and extent of its competence with respect to matters governed by the instrument, with reference to particular treaty provisions, laws, measures, procedures, decisions, administrative actions, directives, regulations, recommendations, opinions or any other materials; and
- (ii) The Meeting of the Parties has determined that a declaration so made satisfies the requirements of this Article.

At its first session, after the lodgment of such an instrument of ratification, acceptance, approval or accession, the Meeting of the Parties shall review it for that purpose and may request further information and/or make appropriate recommendations to such organizations. These organizations shall also inform the Depositary, who shall, in turn, inform the Parties, of any substantial modification in the extent of their competence.

Alteration in composition of regional economic integration organizations

(e) Except as provided in subparagraph (f) (ii) and (iv) below, the rights and obligations of a regional economic integration organization under the instrument shall apply only in respect of its membership as of the date of the adoption of this instrument;

(f) In the event of any alteration to the composition of a regional economic integration organization by way of enlargement, withdrawal, union of States or partition of States the following provisions shall apply:

- (i) The organization shall notify the secretariat and the Depository of the alteration in the composition of the organization;
- (ii) At the next scheduled review of commitments of Parties under Article _ (*review of commitments*) the Meeting of the Parties may decide whether and on what terms the alteration in composition of the organization shall, by way of exception to subparagraph (e) above, be recognized for the purposes of this instrument. If a country undergoing the process of transition to a market economy joins such an organization and the Meeting of the Parties decides that it should be regarded as a member of the organization for the purposes of this instrument, any provisions of this instrument applying specifically to countries undergoing the process of transition to a market economy shall no longer apply to that country, as of the date of the decision of the Meeting of the Parties;
- (iii) At the review of commitments referred to in subparagraph (ii) above, the Parties shall, to ensure that commitments of all Annex [Q] Parties continue to be shared as equitably as possible, take into account, in addition to the factors listed in Article _ (*review of commitments*), the implications of the alteration in composition of the organization for the level and distribution of commitments of all Annex [Q] parties; and
- (iv) If a member State of a regional economic integration organization which is a Party to the instrument withdraws from that organization it shall be treated as no longer being a member of the organization for the purposes of this instrument as of the date of notification of withdrawal under subparagraph (i) above unless otherwise decided by the Meeting of the Parties as part of the review referred to in subparagraphs (ii) and (iii) above. In the event that a withdrawing member State does not have a separate QELRO listed for it in Annex [Q], that Party shall negotiate with other Parties in accordance with procedures established for the setting of commitments to agree upon an equitable and appropriate QELRO for that Party.]

G. Flexibility

1. Emissions trading

Alternative A

[24. Commitments shall be fulfilled individually and not through coordinated actions, including trade in emission permits.]

Alternative B

[25. Trading in emissions permits between Annex [Q] Parties shall take place only after a satisfactory equitable initial allocation of QELROs/emissions budgets has been agreed.]

Alternative C

[26. Except as otherwise provided for [in paragraphs _ below (*restrictions*)] [in _] [and in accordance with the terms and conditions to be decided by the Parties which shall ensure openness, transparency, accountability and cost effectiveness] any Annex [Q] [or Annex [Q1]] Party may transfer to, or acquire from, any Annex [Q] [or Annex [Q1]] Party any of its tonnes of [[carbon/CO₂] equivalent] emissions allowed for a budget period, for the purpose of meeting its [emissions limitation and reduction commitments/obligations under Article _ (*Emissions Budgets*)]. Such transfers of allowed emissions shall be reported by each Party involved in the trade and shall be equal, and added for one Party and subtracted for the other.]

[26.1 The Conference of the Parties shall elaborate rules and criteria to ensure inter alia that:

- (a) Trading can only take place between Annex Q/Q1 Parties;
- (b) It is clear whether trading is to be based on emission credits or on trading of emission budgets;
- (c) Emission levels achieved before the start of any trading system established under the Protocol cannot be the basis for trading;
- (d) Trading is supplemental to domestic action and common and coordinated policies and measures to mitigate climate change, which should provide the main means of meeting/achieving QELROs;
- (e) Trading can only take place after reliable measurement, reporting, monitoring and compliance [institutions] procedures have been established [nationally and internationally];
- (f) There is consistency between domestic and international trading regimes in order to minimize distortions in international competition.]

[26.2 A Party may authorise any domestic entity (eg government agencies, private firms,

non-governmental organisations, individuals) to participate in actions leading to the transfer or acquisition under paragraph _ of tonnes of [[carbon/CO₂] equivalent] emissions allowed, subject to legal recognition and acceptance of the trade by the Parties involved in the trade.

26.3 The Conference of the Parties, at a meeting, [shall/may] further elaborate guidelines to facilitate the reporting of emissions trading information.]

Restrictions

[26.4 An Annex [Q] [or Annex [Q1]] Party may not transfer or acquire any of its tonnes of [[carbon/CO₂] equivalent] emissions allowed if it is not in compliance with its obligations under Article _ (*Measurement and Reporting*) or if it does not have in place an adequate national mechanism for certification and verification of trades.]

[26.5 An Annex [Q] [or Annex [Q1]] Party may not transfer in a given budget period any of its tonnes of [[carbon/CO₂] equivalent] emissions allowed if it has exceeded its emissions budget for that period.]

[26.6 If a question of a Party's implementation of the requirements referred to in paragraphs _ above is identified by either the review process under Article _ (*review and compliance*) or by the secretariat under Article _ (*functions of secretariat*):

(a) Transfers and acquisitions of tonnes allowed (in the case of paragraph _) and transfers of tonnes allowed (in the case of paragraph _) may [not] continue to be made after the question has been identified, [provided that any] such tonnes may not be used by any Party to meet its obligations under Article _ (*emissions budgets*) until any issue of compliance is resolved. Issues of compliance shall be resolved as expeditiously as possible.]

2. Joint implementation

Alternative A

[27. Commitments shall be fulfilled individually and not through coordinated actions, including joint implementation.]

Alternative B

[28. [Each Annex Q or Q1 Party may fulfill part of their QELROs obligations under Article _ to [limit or] reduce anthropogenic emissions by [all] sources [and enhance anthropogenic removal by sinks] of [the greenhouse gases [from the source categories/sectors] listed in Annex G] through joint implementation of mitigation measures.]

Participation

Option 1

[28.1 In order to fulfill their QELROs commitments under the Protocol, Parties listed in Annexes Q/Q1 may jointly with other Annex Q/Q1 Parties undertake concrete projects aimed at reducing anthropogenic emissions of greenhouse gases included in QELROs [in any sector of the economy [and enhancing sinks] and in conformance with the rules in paragraphs _ and _.]

28.2 If a positive decision is taken by the Conference of the Parties at the conclusion of the AIJ pilot phase in accordance with decision 5/CP.1 to allow JI with non-Annex Q/Q1 Parties, then Parties listed in Annexes Q/Q1 may jointly with non-Annex Q/Q1 Parties undertake concrete projects aimed at reducing [and limiting] [anthropogenic emissions of greenhouse gases included in QELROs in any sector of the economy [and enhancing sinks] and in conformance with the provision in paragraph _.]

Option 2

[28.3 [Any/A] Party that is neither in Annex Q nor Q1 may, on a voluntary basis, [undertake [joint implementation] projects in its territory] [generate tonnes of carbon equivalent emissions allowed] that meet the criteria and guidelines provided in this Article. Limitations or reductions [of anthropogenic emissions of greenhouse gases, or conservation and enhancement of sinks and reservoirs,] that result from such projects in accordance with these provisions belong to the host Party, which may hold such "tonnes mitigated" [generated in each JI project] or transfer any portion of such tonnes mitigated to other Parties [when a value is duly ascribed to the mitigation by means of an additional financial contribution to the projects that generated it] [according to arrangements agreed by the Parties to each transfer] and insofar as the national policy of each host country so provides.

28.4 When an Annex Q or Q1 Party acquires tonnes of carbon equivalent emission mitigated from a [joint implementation] project [in the territory of another Party] in conformance with this Article [these tonnes mitigated may be converted into tonnes allowed to a Party in its [domestic] greenhouse gas [budget/QELRO] to meet [a percentage to be decided by the Parties of][25 percent of] its obligations under Article _ [and up to 100 per cent (one hundred per cent) of their national emission reductions outside their territory] [by means of joint implementation projects] [through carrying out joint implementation projects], provided that the Annex Q or Q1 Party is in compliance with its obligations under Article _ (*Measurement and Reporting*). [When investing in projects, the Annex Q or Q1 Party or Parties may receive credit for [half of][a percentage, to be decided by the Parties, of] the entire tonnes mitigated, with the remaining mitigation of greenhouse gases accruing to humanity as a global good.] [The Parties shall review and, as appropriate, revise these limits periodically, taking into account both the environmental effectiveness and economic efficiency of this instrument.]

Rules and guidelines for JI among Annex Q/Q1 Parties

Option 1

[28.5 In order to be credited for projects as defined in paragraph __, the following set of rules shall be applied:

(a) Joint implementation projects shall bring about real, measurable and long-term environmental benefits related to the mitigation of climate change, while avoiding adverse environmental and social effects. Projects must provide a reduction in emissions [or enhancement of sinks] that is additional to any that would otherwise occur;

(b) Joint implementation projects can be undertaken by two or more Parties. Parties may authorise any domestic entity, including government agencies, private firms, non-governmental organisations and individuals to participate in joint implementation projects;

(c) All such projects require prior acceptance, approval or endorsement by the Parties participating in the projects;

(d) Joint implementation projects should be supplemental to domestic policies and measures, which should provide the main means of meeting QELROs. Annex Q/Q1 Parties may fulfil only part of their obligation to realize their QELROs through joint implementation.

(e) Joint implementation projects shall be assessed on a project basis. Credits shall be calculated and allocated on an annual basis. They shall be subject to stringent emission reduction verification and accountability methodologies. Parties participating in joint implementation projects, in accordance with their contribution to the project, have the right to share among themselves the credits achieved by the projects.

28.6 Annex Q/Q1 Parties shall report on joint implementation projects in their national communications using guidelines to be adopted by the Conference of the Parties at its first session, building on the uniform reporting format for activities implemented jointly under the pilot phase. Such guidelines should also deal with:

(a) Methodologies for calculating project baselines and actual emissions which are needed to assess the incremental impact of a project on greenhouse gas emissions [and sink capacity]; and

(b) Data and methods for the quantification and verification of credits and audit.

28.7 The Conference of the Parties at its first session shall adopt a process for reviewing the total reduction achieved by reported joint implementation project.

28.8 [The Conference of the Parties to the protocol shall review these criteria, rules and methodologies for joint implementation at its first session, and periodically thereafter, taking into account experience and know-how gained in the framework of the pilot phase

of activities implemented jointly and in carrying out this Article.]]

Rules and guidelines for JI [among] [between] Annex Q/Q1 and non-Annex Q/Q1 Parties

Option 1

[28.9 If a positive decision is taken by the Conference of the Parties at the conclusion of the AIJ pilot phase in accordance with decision 5/CP.1 to allow joint implementation with non-Annex Q/Q1 Parties, such joint implementation shall be in accordance with the rules and guidelines in paragraphs _ and _ above, modified as necessary by the Conference of the Parties, taking into account the decision on the outcome of the pilot phase.]

Option 2

[28.10 In addition to any rules adopted by the Parties to this protocol, the following rules shall apply to projects under this Article:

- (a) Participation shall be voluntary;
- (b) Parties may implement projects under this Article [unilaterally, or] bilaterally or multilaterally [with other interested Parties];
- (c) Projects under this Article shall bring about real, measurable and long-term environmental benefits related to the mitigation of climate change, while avoiding adverse environmental and social effects; projects must provide a reduction or limitation in emissions or enhancement of sinks and reservoirs, that is additional to any that would otherwise occur;
- (e) [A Party may authorize any domestic entity, including government agencies, private firms, non-governmental organizations, individuals, to participate in actions leading to generation, transfer or receipt under the Article of [tonnes allowed or mitigated]][on a project-by-project basis];
- (f) All such projects require acceptance, approval or endorsement by the Parties participating in the projects prior to transfer or receipt of tonnes [allowed] mitigated; Projects must be compatible with and supportive of national environment and development priorities and strategies, as well as contribute to cost-effectiveness in achieving global benefits;
- (h) Implementation shall proceed, and shall be accounted for [annually], on a project-by-project basis;
- (i) [For each specific project, a baseline shall be established setting the net environmental benefits of greenhouse gas emission mitigation and reduction, as compared with a baseline without the project, [so as to justify the additional [financial] contribution from the Annex Q or Q1 Party or Parties].]

28.11 Any Party that generates [or acquires] [tonnes of carbon equivalent emissions mitigated] [by means of joint implementation projects] [or allowed] under this Article shall notify the secretariat annually of the quantity, Party of origin and Party of destination of such tonnes according to the guidelines agreed by the Parties and building on the reporting guidelines for activities implemented jointly in its pilot phase under the Convention. Such reporting guidelines shall be reviewed by the Parties to the Protocol at its first meeting.

28.12 [Provided that such transfers are validated by host country acceptance, approval and endorsement, and reported, measured, and assessed in accordance with provisions established by the Parties to the [Convention], to be reviewed at the first meeting of the Parties to this [Protocol], such transfers are eligible for accounting under the commitments defined in Article [QELROs] for such Parties that are in compliance with their obligations.]

28.13 [The SBSTA shall develop [stringent] guidelines and] the Conference of the Parties [at its first session] shall adopt [and review periodically thereafter]:

(a) Data and methodologies for calculating project baselines and actual emissions which are needed to assess the incremental impacts of a project to reduce or limit emissions and to conserve or enhance sinks or reservoirs of greenhouse gases;

(b) Monitoring to verify the reduction or mitigation reported in accordance with the reporting format agreed by the Parties, and

(c) A procedure for reviewing the conformity of projects with these guidelines.]

[28.14 If a question of a Party's implementation of the requirements referred to in paragraphs [] above is identified by either the review process under Article __ (*review and compliance*) or by the secretariat under Article __ (*functions of secretariat*):

(a) transfers and acquisitions of tonnes [allowed/mitigated] (in the case of paragraph __) and transfers of tonnes mitigated (in the case of paragraph __) may continue to be made after the question has been identified, provided that any such tonnes may not be used by any Party to meet its obligations under Article __ (*emissions budgets*) until any issue of compliance is resolved. Issues of compliance shall be resolved as expeditiously as possible.]

[28.15 The Conference of the Parties to the protocol shall review these criteria, rules and methodologies for joint implementation at its first session, and periodically thereafter, taking into account experience and know-how gained in the framework of the pilot phase of activities implemented jointly and in carrying out this Article.]

3. Cooperative efforts by interested Parties

[29. Any Party listed in Annex I to the Convention that is in compliance with its obligations under Article __ (*QELROs for developed country Parties listed in Annex I to the Convention*), and has in place a national mechanism for certification, verification and accounting of transfer between Parties listed in Annex I to the Convention of greenhouse

gas emission reductions or sink enhancements achieved through specific investments, may transfer to, or receive from, any Party listed in Annex I to the Convention any of the carbon equivalent emissions reductions or sink enhancements resulting from such investments for the purpose of meeting its obligations under Article _ (*QELROs for developed country Parties listed in Annex I to the Convention*);

29.1 Any Party not listed in Annex I to the Convention may, on a voluntary basis, carry out projects that are additional to what would otherwise occur that limit greenhouse gas emissions or remove greenhouse gases by sinks and reservoirs, in accordance with their national environment and development priorities and strategies. These Parties may decide to define a monetary value for the climate benefits achieved through such projects, and may further decide to transfer any portion thereof to any Party on mutually beneficial and agreed terms. Provided that such transfers are validated by host country acceptance, approval or endorsement, and reported, measured, and assessed in accordance with provisions established by the Parties to the Convention, to be reviewed at the first Meeting of the Parties, such transfers are eligible for accounting under the commitments defined in Article _ (*QELROs for developed country Parties listed in Annex I to the Convention*) for such Parties which are in compliance with their obligations.³]

H. Possible impacts [on developing countries] of new commitments in the new instrument/socio-economic injuries sustained [by developing countries]

[30. [Each Party included in Annex I/All Parties] to the Convention shall take fully into account the provisions contained in Article 4.8 in the implementation of policies and measures to achieve these Parties' QELROs.

30.1 The commitments in Article 4.2(a) and (b) of the Convention for developed country Parties/other Parties included in Annex I should be strengthened by establishment of a [concrete compensation] mechanism for [assessing] damages arising from implementation of response measures [on developing countries] [Parties] referred to in Article [4.8] [4.10], in order to provide them with the necessary safeguards.]

Alternative A
(to paragraph 30.2)

[30.2 An appropriate compensation mechanism will be developed later.]

Alternative B
(to paragraph 30.2)

30.2 [The concrete compensation mechanism referred to in paragraph _ applies to damages directly or indirectly arising from the performance or attempted performance by Annex I Parties of their commitment in this protocol concerning QELROs or policies and

³ The above text is to be included in its present form if COP 3 takes a conclusive decision on the pilot phase of activities implemented jointly and progression beyond that. If no conclusive decision is taken at COP 3, the present text should be amended.

measures that result in loss of income from exports by developing country Parties or the increased costs of imports by developing country Parties.]

30.3 [A [compensation] mechanism shall be established to [assess] [compensate] social and economic losses arising from implementation of the present instrument sustained by [all/Annex III] Parties. The functions of this [compensation] mechanism are as follows:

(a) Analyses and assessments of socio-economic impacts of any proposed response measures on [developing/all] countries, particularly oil exporting developing countries;

[(b) Provision of material, equipment and technologies, on concessional terms, to Annex III countries;]

[(c) Establishment of a compensation fund; and]

(d) Contributions made to this fund by [Annex I Parties] [all Parties in accordance with Article 4.10] shall be replenished biannually. These contributions, [being compulsory upon Annex I Parties,] shall be paid directly to the affected claimant [developing country] Party/Parties.

30.4 Other details of this mechanism should be decided by the Conference of the Parties.]

30.5 Any developing country Party to the Convention shall have a claim against all Annex [I][_] Parties, jointly and severally, for loss of income from export of fossil fuels, fossil fuel products, raw materials other than fossil fuels or finished or semi-finished goods in any given year after adoption of this Protocol by the [Conference of the Parties that is a direct or indirect consequence of the] inclusion in this Protocol of commitments by any or all of such Annex _ Parties for QELROs or for policies and measures, or performance or attempted performance by any or all of such Annex _ Parties of any such commitments. For purposes of this paragraph [1], "loss of income" shall be liberally interpreted. Not in limitation of the foregoing, "loss of income" may be estimated by taking into account estimates of gross revenue [from the aforesaid exports, which reasonably could be expected to have been received] by the claimant in the absence of the inclusion of the aforesaid commitments in this Protocol, less reasonably estimated costs of production and export that likely would have been incurred by the claimant in connection with lost exports.

30.6 A Party to the Convention asserting a claim pursuant to this Article shall submit its claim in writing to any Annex _ Party against whom it makes such claim within six years following the year for which the claim is made.

30.7 Any Annex [I][_] Party liable on a claim made pursuant to this Article shall have a claim for contribution against another Annex [I][_] Party for the portion of the liability that is attributable to the performance or attempted performance by such other Annex [I][_] Party of its commitments referred to in paragraph _.

30.8 *Provisions that may be proposed later concerning the establishment of a compensation mechanism, arbitration of claims and alternatives to such arbitration should be inserted.*

30.9 The IPCC shall assist in the preparation of recommendations on ways of mitigating the possible negative economic, social and ecological impacts of new commitments for Annex I Parties on developing countries and countries with economies in transition.]

I. Measurement, reporting and communication of information

Approach

[31. Communication of information related to implementation of this protocol/another legal instrument shall be [in accordance with Article 12 of the Convention.] [accomplished as follows:]

[31.1 Each Annex [Q] and Annex [Q1] Party shall have in place by [the first year of its first budget period] a national system for the accurate measurement of anthropogenic emissions by sources, and removals by sinks, of greenhouse gases.

31.2 For the purposes of implementing the paragraph above and promoting comparability, consistency, and transparency, the Parties shall, not later than their first meeting, decide on agreed best available methods for the measurement by Parties of anthropogenic emissions by sources, and removals by sinks, of greenhouse gases, taking into account the best available methods determined by the IPCC and other expert bodies. [They shall also decide on appropriate adjustments to measurements of emissions and removals where agreed best available methods have not been used.] The Parties shall periodically update agreed best available methods and adjustments based on evolving scientific knowledge, including advice from the Subsidiary Body for Scientific and Technological Advice referred to in Article 12.

31.3 Each Annex [Q] and Annex [Q1] Party shall put in place, if it has not already done so, national compliance and enforcement programmes relevant to its implementation of the obligations under this Protocol.]

[31.4 The provisions of the Convention as well as the existing relevant decisions adopted by the Conference of the Parties of the Convention apply mutatis mutandis. Hence, Parties [to the Protocol] shall submit consolidated reports on the policies and measures adopted as well as on the specific estimate of their effects [on the basis of the already existing regime.]

Content

[31.5 Each Party [to this Protocol] listed in [Annex I to the Convention/Annex Q] shall [include as part of national communications submitted under Article 12 of the Convention/ communicate] [through/to the secretariat] to the Conference of the Parties the following information [in accordance with guidelines which the Parties adopt at their first meeting, taking into account any relevant guidelines adopted by the Parties to the

Convention]:

[(a) Its quantified objective [selected under Article _ (*QELROs*)];]

[(b) Its [national plan/National Action Plan] [made under Article _ (*policies and measures*)];]

[(c) A detailed description of the national measurement system it has in place, and an inventory of the emissions derived from these measurements;]

[(d) [A detailed description of] the policies [, programmes] and measures [it has undertaken to implement/adopted and implemented to meet/taken] [its commitments] under Articles _ (*QELROs and policies and measures*)];]

[(e) A detailed description of relevant national compliance and enforcement programs it has in place, as well as a description of their effectiveness, including actions taken in cases of non-compliance;]

[(f) A specific [quantified] estimate of [the/their] effects [that these policies, programmes and measures will have on] [and its resulting [quantitative] projected] anthropogenic emissions [by sources and removals by sinks of its greenhouse gases] [and, as appropriate, their costs];]

[(g) Information on the [full] costs and benefits of the policies and measures described in subparagraphs _ above, [and on how such policies and measures form part of a least cost implementation strategy. At their first Meeting, Parties shall consider and agree on methodologies for Annex I Parties to undertake calculations of the [full] costs and benefits referred to above];]

[(h) In particular, the results of reviews of national policies and practices referred to in Article 4.2(e)(ii) of the Convention and any significant changes identified;]

[(i) Its voluntary goals established by the use of the indicators referred to in Article _ (*policies and measures*) if the policies and measures referred to in subparagraph (c) above are planned or are under implementation, and assessment carried out by the use of the indicators referred to in Article _ (*policies and measures*) if the policies and measures referred to in subparagraph (c) above have been completed;]

[(j) [A quantitative] Projection of [its net] anthropogenic emissions by sources and removals by sinks of CO₂, [through the budget periods] [until around the middle of the twenty-first century], [in accordance with guidelines to be developed by the Parties];]

[(k) Detailed information on any emission reductions or sink enhancements received from another Party in accordance with Article _ (*cooperative efforts by interested Parties*);]

[(l) In addition to the information required to be submitted under the paragraph above, each Annex [Q] and Annex [Q1] Party shall submit to the secretariat, on an annual

basis and in accordance with the guidelines referred to in the paragraph above, its current calculation corresponding to each of the subparagraphs in Article _ (*calculation of budget*) and its remaining emissions budget for that budget period. With respect to any tonnes of [carbon equivalent] emissions allowed that are acquired or transferred under Article _ (*emissions trading*) or Article _ (*joint implementation*), the Party shall specify the quantity, Party of origin or destination, and the relevant budget period;]

[(m) Any other information required to be submitted under this instrument.]

[31.6 Guidance documents for the communication of information relating to the Protocol and its review should be developed [and adopted by the Parties to the Protocol, and Parties shall submit their communications in accordance with these guidelines.]

[31.7 The Parties shall, not later than their first meeting, decide on agreed best available methods for the measurement of anthropogenic emissions by sources and removals by sinks of greenhouse gases, taking into account the best available methods determined by the IPCC and other expert bodies. They shall also decide on appropriate adjustments to measurements of emissions and removals where agreed best available methods have not been used.]

[31.8 The Parties shall periodically update agreed best available methods and adjustments based on evolving scientific knowledge, including advice from the subsidiary body for scientific and technological advice.]

Timing

31.9 Each Party listed in [Annex I to the Convention/Annex Q] shall submit [the information listed in paragraph _ as part of] its [initial/first] communication [due under Article 12 of the Convention] [relating to the Protocol] within [two years/one year/six months] [of the entry into force of the Protocol for that Party/from the closure of the first session of the Conference of the Parties after entry into force of this Protocol, or within [two years/six months] of the entry into force of the Protocol for the Party if the Protocol enters into force for that Party after the first session of the Conference of the Parties [in accordance with guidelines which the Parties adopt at their first meeting, taking into account any relevant guidelines adopted by the Parties to the Convention.]

[31.10 Each Party not so listed shall make its initial communication within three years of the entry into force of the Protocol for that Party.]

[31.11 The frequency of subsequent communications by all Parties shall be determined [at a later date] at the [[first/sixth] session of the Conference of the Parties and subsequent sessions] [taking into account the differentiated timetable for the initial submission set by this paragraph].]

Transparency

[31.12 Information communicated by Parties under this Article shall be transmitted by the secretariat as soon as possible to the Parties and to any subsidiary bodies concerned.]

[31.13 Without prejudice to the ability of any Party to make public its communication at any time, the secretariat shall make information communicated by Parties under this Article publicly available at the time it is submitted to the Parties.]

Possible additional text

[32. Each [Annex I/Annex Q] Party within six months of the entry into force of this Protocol for that Party, shall communicate to the Conference of the Parties, through the secretariat, the following information:

(a) A detailed description of the policies and measures that it plans to adopt to implement its commitments under Articles _ (*QELROs and policies and measures*);

(b) Detailed [and] specific estimates, accompanied by detailed explanation as to the basis of such estimates, of the anticipated effects of each of the policies and measures identified in the communication referred to in subparagraph (a), and of the aggregate anticipated effects of all such policies and measures on the Party's anthropogenic emissions by its sources and removals by its sinks of greenhouse gases during each of the periods referred to in Article _ (*QELROs*).

32.1 Within twelve months of the entry into force of this Protocol for that Party and on or before [the] 15th [day of] April of each year thereafter, shall submit to the Conference of the Parties, through the secretariat, a certificate signed by a duly authorized official of that Party, which contains the following information:

(a) Detailed and specific information identifying all changes to the information communicated pursuant to the paragraph above that would make such information more current, informative or reliable;

(b) A list of all laws and other acts of government having the effect of law that, since entry into force of this Protocol for that Party, the Party has adopted in accordance with its internal lawmaking procedures to implement its commitments under Articles _ (*QELROs and policies and measures*);

(c) Specific estimates, accompanied by detailed explanation as to the basis of such estimates, of:

(i) Annual imports [measured in physical units and in monetary value] by the Party from the developing country Parties to the Convention of fossil fuels [, fossil fuel products, raw materials other than fossil fuels,] and finished or semi-finished goods following entry into force of this Protocol for that Party; and

(ii) Any changes in the future amounts of such imports [measured in physical units and in monetary value] which the Party believes could occur following entry into force of this Protocol for that Party and during each of the periods referred to in Article _ (*QELROs*) and in Article _ (*policies or measures*); and

(d) Specific estimates, accompanied by detailed explanation as to the basis of such estimates, of changes [measured in physical units and in monetary value] in the imports identified pursuant to subparagraph (c) above that the Party believes may be directly or indirectly attributable to the Party's actual or prospective fulfillment of its commitments under Articles _ [and _] (*QELROs and policies and measures*).

32.2 Information communicated by Parties pursuant to paragraph _ shall be transmitted by the secretariat as soon as possible to each of the Parties to the Convention.

32.3 Upon the initiative of the secretariat, or promptly following delivery to the secretariat of a written request by any Party to the Convention, the secretariat shall undertake an in-depth review of the information contained in a communication or certification submitted by a Party pursuant to paragraph _ (*reporting commitment*) for the purpose of clarifying or supplementing, and making assessments with regard to the completeness and apparent accuracy of all or part of such information. Each Party that has submitted information which is the subject of such in-depth review shall cooperate reasonably with the secretariat in all matters concerning such review. In conducting in-depth reviews, the secretariat shall enlist the assistance of individuals who are qualified to make the assessments referred to above concerning the information that is the subject of such review. Any team or group of individuals providing such assistance to the secretariat shall consist of [at least one individual from a developing country for every [two] individual[s] from developed countries] [equal number of individuals from all regions (those recognized by the United Nations)] and, in so far as feasible, also shall reflect reasonable balance taking into account the diverse nature of the economies [within each region] of the Parties to the Convention. In so far as possible, the secretariat shall complete each in-depth review that has been requested by a Party to the Convention within six months following receipt of the request and shall transmit a written report of the in-depth review to each Party to the Convention as soon as possible, but no later than four months, following completion of the in-depth review.

32.4 Notwithstanding any other provision of this Protocol, the provisions of Articles _ [and _] (*QELROs and policies and measures*) shall expire and shall cease to have further force or effect if any one or more [Annex I/Annex Q] Parties that, according to the most recent national inventories that have been communicated pursuant to Article 12, paragraph 1 of the Convention, represent individually or in the aggregate 10 per cent or more of the total gross emissions of greenhouse gases [without regard to comparative radiative forcing or consideration of sinks] of all [Annex I/Annex Q] Parties:

(a) Shall fail to submit in any one year a communication or a certification as required by paragraph _ (*reporting commitment*); or

(b) Shall fail, at any time after the first anniversary of entry into force of this Protocol, to have adopted, implemented and kept in force policies and measures [including, but not limited to, laws and other acts of government having the effect of law] that, in light of such national inventories, the communications or certifications submitted by such Party or Parties pursuant to paragraph _ (*reporting commitment*), and/or the report of any in-depth review prepared pursuant to paragraph _ (*in-depth review*) with respect to such communication or certification, reasonably appear to be necessary to enable such

Party or Parties to fulfil its or their commitments set forth in Article _ (*QELROs*.)

J. Review of information and implementation and compliance

33. In addition to the review of communications conducted under Article 10.2(b) of the Convention, the Conference of the Parties, shall consider the information submitted by Annex [Q] [and Annex [Q1]] Parties under Article _ (*reporting*) in order to assess [those Parties'/each Party's] implementation of [their/its] obligations.

[33.1 Reviews will be conducted by expert review teams, which will be coordinated by the secretariat and composed of experts selected from those nominated by Parties and, as appropriate, by intergovernmental organizations.

33.2 Reviews will be in connection with the review of communications conducted under Article 10.2(b) of the Convention and will be in accordance with guidelines to be adopted by the Conference of the Parties. These guidelines shall, *inter alia*, provide for how information will be made available to the public and define mechanisms by which observers and the public may provide comments, supplemental data or other information to facilitate and improve reviews. The guidelines shall be periodically reviewed by the Conference of the Parties for appropriate revision.

33.3 Review teams will review all aspects of a Party's implementation of this Protocol, including the likelihood that a Party will achieve its emissions [budgets] obligations. They will be authorized, *inter alia*, to review pertinent information and consult with the Party in question and others as necessary. They will prepare a report [to the Conference of the Parties] assessing a Party's implementation of its obligations, identifying any areas of apparent non-compliance, as well as potential problems in achieving obligations.

33.4 Such reports will be circulated by the secretariat to all Parties. In addition, the secretariat will identify for further consideration any report indicating a question of implementation.]

[33.5 To facilitate the review of implementation of this Protocol, the secretariat shall, *inter alia*, coordinate the review of Annex [Q] and Annex [Q1] implementation, coordinate the reviews under Article _, identify for the Parties questions of implementation, including whether individual reports are consistent with reporting criteria; and prepare an annual compilation and synthesis report that contains inventory and budget information, and notes any discrepancies in accounting.

33.6 The Parties:

- (a) shall periodically review the adequacy of this Protocol;
- (b) Shall review the implementation of this Protocol, including the information submitted in accordance with Articles _ and _, reports received from the review teams referred to in Article _, and any other reports and recommendations received from processes under this Protocol;

(c) Shall implement an appropriate regime to address cases of non-compliance with obligations under this Protocol, including through the development of an indicative list of consequences, taking into account the type, degree, and frequency of non-compliance;

(d) [May/Shall] establish an implementation committee consisting of a subset of Parties to assist them, including by making recommendations, in carrying out functions referred to in subparagraphs (b) and (c) above.]

[33.7 Based on [its reviews/the reports of the implementation committee], the Conference of the Parties shall [make recommendations/take decisions] on any matter necessary for the implementation of the Protocol.]

[33.8 If the Conference of the Parties, on receipt of the reports referred to in paragraph _ above, concludes that a Party is under difficulty in achieving the quantified objective referred to in Article _ (*QELROs*), the Conference of the Parties shall make recommendations to the Party. The Party which received such recommendations shall review its policies and measures, and submit the results of its review to the Conference of the Parties within one year of making such recommendations.]

K. Annexes

[Annex G

	[Source categories/sectors (<i>to be developed</i>)]	[GWP]
Carbon dioxide (CO ₂)		
[Methane (CH ₄)		
Nitrous oxide (N ₂ O)]		
[Hydrofluorocarbons (HFCs)		
Perfluorocarbons (PFCs)		
Sulfur Hexafluoride (SF ₆)]		

[Annex [G1]

34. Annex G1 shall be a list of anthropogenic land use change and forestry CO₂ emission and removal activities for which data certainties are judged by the Conference of the Parties to be adequate for the purposes of being accounted in assessing compliance with emission limitation commitments. Methodologies for establishing this list shall be those accepted by the Intergovernmental Panel on Climate Change (IPCC) and as decided by the Conference of the Parties.]

[Annex Y

Parties listed in Annex [Q] shall, individually or jointly, in accordance with paragraph _, reduce emission levels for CO₂, CH₄ and N₂O together (weighted total, using GWP with a 100 year time-horizon), by at least 7.5 per cent by 2005 and by 15 per cent by 2010 (reference year 1990). HFC, PFC and SF₆ should be added no later than 2000 to the basket of gases for the above reduction objectives.]

L. ANNEX TO THE REPORT OF THE CHAIRMAN OF THE NON-GROUP ON
QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES

Review of commitments

Alternative A

1. The Meeting of the Parties shall review and revise the commitments of the Annex I Parties contained in subparagraph (a), and the commitments adopted pursuant to subparagraph (b), in accordance with the precautionary principle and the best available scientific information and assessment of climate change, not later than five years after the entry into force of the Protocol and thereafter at regular intervals to be determined by the Meeting of the Parties.

Alternative B

2. To ensure the continuing effectiveness of this instrument the Parties shall undertake regular reviews of commitments under Article 4, in accordance with a process to be determined by the Meeting of the Parties. That process shall provide, amongst other things, appropriate time-frames for reviews to take place.

(a) The first review shall be completed [y] years after the entry into force of this instrument and thereafter at intervals of [y] years.¹ In addition, individual Parties may activate the review process in respect of their own commitments outside the scheduled review cycle in the event of an unforeseen change in their circumstances that will have a significant bearing on their capacity to implement their commitments under this Part (*on commitments of specified Parties*).

(b) In carrying out such reviews, the Parties shall have regard to the following:

(i) Any factors having a bearing on the governing equity principle set out in Article 3(a), including changes over time in the Parties' rates of GDP growth, population growth, emission intensity of GDP, fossil fuel intensity of exports and emission intensity of exports;

¹ *Frequency of review could be greater for Parties with economies in transition, which face greater uncertainty in emissions projections.*

(ii) Developments in scientific understanding of the causes and effects of climate change; and

(iii) Relevant technological developments.

(c) At the completion of the process under subparagraphs (a) and (b) above, the Meeting of the Parties may recommend adjustment to the commitments, as listed in Annex A, of any Party or specified group of Parties.

(d) Any recommendation under the above paragraph shall apply to a Party only when a communication accepting that recommendation has been lodged by that Party with the Depository.

Alternative C

3 The Conference of the Parties shall review the adequacy of commitments on the basis of Article 2 of the Convention, of best available scientific information and assessment of climate change and its impacts, as well as relevant technical, social and economic information, and take appropriate action.

(a) The first review and the appropriate action based on that review shall take place no later than 31 December 2002. Further reviews and appropriate action shall take place at regular intervals thereafter, to be decided by the Conference of the Parties.

(b) The Conference of the Parties at its first session shall review the content and scope of all Annexes and shall update them regularly in the light of progress on the implementation of policies and measures by Parties, including progress on coordination of measures, the identification or elaboration of additional policies and measures, new scientific or technological advice, and other relevant developments.

Alternative D

4 The Conference of the Parties, as the supreme body of the Convention, shall keep under regular review the implementation of the Convention and any related legal instrument that the Conference of the Parties may adopt (Article 7.2 of the Convention).

(a) Existing mechanisms in the Convention, including review, assessment and financing, shall apply to the commitments adopted by the protocol/another legal instrument.

(b) The review of this protocol/another legal instrument shall be undertaken under Article 4.2(d) of the Convention.

Alternative E

5 *In order to reflect in policies the latest scientific information, such as IPCC Assessment Reports, a mechanism to regularly review this Protocol should be included. The Annex should be revised more flexibly than the Protocol itself.*

Alternative F

6 The Conference of the Parties to this Protocol shall, at its first session, establish a mechanism for the review of the adequacy of the commitments undertaken by the Parties, including QELROs contained in the Protocol, in the light of the evolution of scientific knowledge.

Alternative G

7 The Parties shall periodically review this Protocol, and guidelines established thereunder, in light of evolving scientific knowledge related to climate change.

Alternative H

8 [The Conference of the Parties] [The Meeting of the Parties] shall at its [x] session, review the adequacy of commitments of the Parties under this Protocol with a view to achieving the objective of the Convention. Such review shall be carried out in light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information, and shall be conducted in conjunction with any pertinent review under the Convention or any related Protocol. Based on this review, the [Conference of the Parties] [Meeting of the Parties] shall take appropriate action, which may include the adoption of amendments to this Protocol.

REVISED PROPOSAL FOR PARAGRAPHS 75, 76, 108, 109 [without prejudice to final placement in text]

ALTERNATIVE A

The Parties to this Protocol shall be guided by the objective referred to in Article 2 of the Convention.

In this respect, Parties shall be guided, inter alia, by the assessments from the IPCC. In taking note of the serious risk of an increase of the global average temperature and particularly the very high rate of change, Parties [take note] [believe] [shall ensure][that global average temperatures should not exceed 2 degrees Celsius above the pre-industrial level and that] [therefore] [stabilization of atmospheric concentrations of carbon dioxide (CO₂) at 550 parts per million by volume (ppmv) will eventually require global emissions to be less than 50 per cent of current levels] [concentration levels lower than 550ppmv CO₂ should guide global limitation and reduction efforts] [and that the global mean sea level rise resulting from climate change does not exceed 20 centimetres above 1990 levels].[This means that the concentration of all greenhouse gases should also be stabilized].

ALTERNATIVE B

The Parties shall periodically, [at least every — years], review this protocol and guidelines established thereunder, in light of evolving scientific knowledge related to climate change. In this context, Parties shall cooperate in the establishment of a long-term goal with respect to atmospheric concentrations of greenhouse gases.

DRAFT REVISED NEGOTIATING TEXT BY THE CHAIRMAN OF THE NON-GROUP ON POLICIES AND MEASURES

[POLICIES AND MEASURES

GENERAL PROVISIONS

1. Each of the Parties included in [Annex I to the Convention/Annex Q] shall:
 - (a) Adopt national policies and measures necessary to limit and reduce emissions by sources and to protect and enhance its greenhouse gas sinks and reservoirs to modify longer term trends in anthropogenic emissions consistent with the objective of the Convention, and identify environmental and economic impacts and results that could be achieved with regard to time horizons such as 2005, 2010 and 2020; and
 - (b) Ensure that these policies and measures applied by each of these Parties will have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the Convention.
2. The policies and measures, applied by each of the Parties included in Annex [Q], shall:
 - (a) Address all greenhouse gases, their emissions by sources and removals by sinks, and all relevant sectors;
 - (b) Contribute to the stabilization of greenhouse gas concentrations in the atmosphere as elaborated in Article 2 of the Convention; and
 - (c) Include, and maintain a balance between, those policies and measures aimed at reducing emissions of greenhouse gases in emitting sectors and those aimed at reducing consumption of their products.
3. Each Party in Annex [Q] shall take fully into account the provisions contained in Article 4.8 in the implementation of their policies and measures, which shall be in accordance with Article 3.5 of the Convention.
4. Parties listed in Annex [Q] must draw up a National Plan for limiting and reducing anthropogenic emissions by sources and enhancing removal by sinks and reservoirs of greenhouse gases. Included in this plan will be the possibility of carrying out joint implementation projects. The national plans to be drawn up must be forwarded to, and

registered with, the [Meeting/Conference] of the Parties, and are binding on the submitting Party.

5. Each Party included in Annex [Q] shall develop a national plan for the limitation and reduction of anthropogenic emissions by sources and the increments of removals by sinks. [In its national plan] Each party included in Annex [Q] shall [adopt/consider] appropriate policies and corresponding measures in each of the following areas:

- (a) Efficient use of energy;
- (b) Introduction of carbon free or low-carbon energy;
- (c) Innovative technological development;
- (d) International technical cooperation and transfer of technologies; and
- (e) Protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol.

6. Specific policies and measures in each area referred to in paragraph _ above shall be included in a list associated with this protocol.

7. [The [Meeting/Conference] of Parties shall decide on indicators [through subsidiary bodies]. Each Party included in Annex [Q] shall establish voluntary goals measured in these indicators.] [Each Party included in Annex [Q] shall adopt performance indicators for these policies and measures.]

8. Commitments shall be fulfilled individually and not through coordinated actions:

- (a) CO₂ and energy taxation in particular shall be ruled out.

9. Each Party listed in Annex [Q] [and Q1] shall undertake policies and measures for the mitigation of climate change. These Parties shall report in detail on their programs, including providing a detailed description of the policies and measures taken to achieve the QELRO described in Article _. Any Party may, as desired, undertake such policies and measures jointly or in coordination with any other Party.

10. The secretariat shall compile a list of policies and measures adopted by Parties in fulfillment of paragraph _ above, and circulate a description of these to all Parties for their consideration.

11. Parties listed in Annex [Q] shall adopt and implement policies and take measures within national and, where appropriate, regional programmes referred to in paragraph 4.1(b) of the Convention to limit and reduce anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol from all relevant sectors, including renewable energies; energy efficiency standards, labelling and other product-related measures; CO₂ emissions from the transportation sector; economic instruments in the field of climate change; energy policies; industrial sector emissions, including voluntary agreements;

agriculture; emissions from waste; fluorocarbons and sulphur hexafluoride (SF₆); municipal actions; and to protect and enhance sinks and reservoirs, including forests. Parties listed in Annex [Q] shall adopt and implement the policies and measures set out in List A. Parties listed in Annex [Q] shall give high priority to the adoption and implementation of the policies and measures set out in List B, which should be coordinated using the guidelines developed by the process below. Parties listed in Annex [Q] shall give the policies and measures in List C priority for inclusion in national programmes, as appropriate to national circumstances. A coordination process is instituted under Subsidiary Body for Scientific and Technological Advice to develop guidelines for implementing the common measures set out in List A and the coordinated measures set out in List B for adoption by the [Meeting/Conference] of the Parties by [].

12. To enhance the level of climate change abatement cooperation, Parties [or a subset of Parties] listed in Annex [Q] [shall/may] cooperate to establish internationally coordinated cross-sectoral, cost-effective policy instruments.

13. On the basis of policies and measures determined by Annex [Q] and [Q2] Parties in their national communications, any group of Parties to the Protocol can agree to elaborate common directions of policies and measures which then become obligatory for that group of Parties.

14. The adoption of policies and measures shall be based on the advice provided by the coordination mechanism established pursuant to Article _ (*coordination mechanism*).

15. Parties listed in Annex [Q] shall agree to adopt, and define adequate mechanisms to report on, the coordinated or common policies and measures listed in this agreement on the understanding that Parties will continue to retain maximum flexibility in deciding how best, based on their national circumstances, they can reach emission limitation/reduction objectives. Hence, for this agreement, policies and measures agreed to will focus on information sharing, common underlying messages and voluntary activities. Over time, the agreement should be sufficiently flexible to allow for amendments/additions in an expeditious manner by the Parties to this agreement. In order to implement policies and measures listed in this agreement, Parties shall use existing mechanisms, to the extent possible, without duplicating work in other bodies.

16. Parties listed in [Annex I to the Convention/Annex Q] commit themselves specifically to the policies and measures in Lists _ (*lists of policies and measures*).

17. The measures in List _ shall be internationally coordinated among Parties and shall be listed in the protocol.

18. A detailed list of possible policies and measures to be implemented by Annex [Q] and Annex [Q2] Parties is contained in Annex [] of the Protocol. Each Annex [Q] and Annex [Q2] Party determines its policy directions and measures from this list, in accordance with Annex [] (*GWPs of gases*), and these are then declared in its national communications. Under this procedure, such policies and measures become mandatory for the Parties concerned.

19. Each Annex [Q] Party shall have the discretion to select those policies and measures that are best suited to its national circumstances for meeting its emission limitation and reduction commitments.

LIST A

20. Annex [Q] Parties shall:

Energy

21. Improve the financial mechanism for assisting developing countries and countries with economies in transition to develop national resources and promote the reduction of GHG emissions.

22. (a) Promote fuel switching to less carbon-intensive fuels;

(b) Where appropriate, institute reforms of energy markets directed at increasing efficiency, including by increasing competition;

(c) Increase energy efficiency, reduce energy losses and greenhouse gas emissions, including in the energy production and transformation, distribution, industrial, transport, household and agricultural sectors;

23. (a) Apply economic instruments to ensure that market prices give appropriate signals to consumers and businesses to limit and reduce emissions of greenhouse gases;

(b) [Abolish/progressively phase out/reduce/restructure] subsidies [and] [taxes/tax incentives] [on fossil fuels/on coal as the most polluting source of energy] [that run counter to the objectives of the Convention] [and other market imperfections existing in greenhouse gas emitting sectors];

(c) Not introduce new or increased [oil/energy/CO₂ /greenhouse gas] taxation until Parties listed in Annex [Q] restructure their existing tax systems to truly reflect the relative contribution of greenhouse gases of each unit of emitting sources in all economic sectors;

(d) Introduce an incentive tax on CO₂.

24. Realize a significant increase in the share of renewable energy in their energy supply, taking into account national characteristics, including through:

(a) Identification, reduction and progressive removal of existing barriers, which prevent the penetration of potentially cost-effective renewable energy technologies in the market;

(b) Creating economic or other incentives for the development and diffusion of emerging technologies in the field of renewable energies and for the expansion of the markets for potentially cost-effective renewable energy technologies;

- (c) Ensuring that existing international financial institutions and programmes make a major effort in the field of renewable energy.
25. (a) Promote the development [of technologies] and increased use of renewable sources of energy;
- (b) Promote and develop [carbon free or low-carbon] [renewable] sources of energy [including solar, nuclear and biomass].
26. Urge MDBs in their financing practices with relevant Annex [Q] Parties to:
- (a) Focus on energy efficiency, [renewable energy] and greenhouse gas abatement technologies;
- (b) Report on performance regarding consistency of their operations with the objectives of the FCCC;
- (c) Make concessionary financing available to ESCOs with an initial focus on capacity-building.

Transport

27. Reduce GHG emissions of all transportation modes and in particular significantly reduce emissions from newly registered motor vehicles, including via:
- (a) Labelling of fuel economy;
- (b) [Working] - through ICAO - [towards] abolish[ing] the exemption of aviation fuel from taxes and excise duties; introduc[ing] aviation fuel taxation for international flights; and set[ting] fuel efficiency standards for aircraft and aircraft engines;
- (c) Working - through IMO - towards the use of appropriate economic instruments, including taxation, to encourage the use of cleaner fuels and more fuel-efficient engines;
- (d) Minimum excise duty on fuels;
- (e) Setting average fuel consumption targets for new vehicles.
28. (a) Implement their commitments in subparagraph 4.2(e)(ii) of the Convention, namely identify and periodically review and report on their own policies and practices which encourage activities that lead to greater levels of anthropogenic emissions of greenhouse gases that would otherwise occur. In particular, this should apply to the transportation sector; and
- (b) Seek voluntary agreements with manufacturers for fuel efficiency improvements of all transportation modes. Coordination of agreements can be made at a regional and/or broader level, as appropriate;
- (c) Develop in common, a list of successful measures to mitigate greenhouse gas emissions in the transportation sector. Such measures should be given priority in

national programmes, as appropriate to national circumstances;

(d) Communicate and regularly update information on the energy efficiency of the various transportation modes and on the effects of policies and measures in progress in the transport sector, with the aim of establishing, in cooperation, an international database to monitor the effects of such actions. The creation of the database shall not duplicate existing work;

(e) Cooperate through the International Civil Aviation Organization (ICAO) to address greenhouse gas emissions from international aviation bunker fuels;

(f) Cooperate through the International Maritime Organization (IMO) in the development of policies and measures to address greenhouse gas emissions from international marine bunker fuels.

Industry

29. [Improve energy efficiency of electric appliances, equipment [and buildings] in general to the highest technical level that is still cost-effective, including through]:

(a) [Energy-consumption labelling] [work towards harmonization of energy-consumption labelling schemes] [energy efficiency standards and labelling for common household appliances] [for electrical appliances, equipment and buildings];

(b) Seek harmonization of test protocols and measurement and analytical techniques regarding energy efficiency standards for electrical appliances [equipment and buildings]; and

(c) Monitoring and sharing information on energy efficiency levels of current and future standards [for electrical appliances, equipment and buildings].

30. Use the following energy efficiency standards:

(a) New buildings:

(i) Building insulation standards (k-values) adapted to the geographical situation of the Annex [Q] Parties shall be introduced; and

(ii) Quality standards for construction products shall also be defined;

(b) Appliances - target values to limit the energy consumption of appliances shall be introduced. These values shall be negotiated with the main appliance manufacturers. The following appliances shall be considered:

(i) Household appliances - refrigerators, freezers, washing machines and dryers, dishwashers, electric ovens, televisions, video recorders and air conditioners;

(ii) Office equipment - personal computers, monitors, printers, photocopiers, facsimile machines.

31. (a) Limit and/or reduce emissions of fluorocarbons and SF₆, including through:

- (i) The use, as far as possible, of non-GHG or low GWP alternatives instead of high GWP fluorocarbons;
 - (ii) Controlled recovery, regeneration and prudent disposal;
 - (iii) Avoiding the use of self-chilling drink cans containing substances which have a high global-warming potential¹;
 - (iv) Implementation of measures prescribed by the UNECE protocols on the control and reduction of VOCs and NO_x;
- (b) Reduce fluorocarbon emissions from refrigeration and air-conditioning equipment; and
 - (c) Reduce emissions of nitrous oxide.

Agriculture

32. Promote sustainable agriculture via:

- (a) Communicating and regularly updating information on agricultural practices that increase carbon sequestration and reduce greenhouse gas emissions with the aim of establishing, in cooperation, an international database. The creation of the database shall not duplicate existing work;
- (b) Encouraging voluntary actions in the agriculture sector. In particular, actions may include the production of dedicated energy crops, the increased use of bio-fuels, on-farm energy use of methane, the use of options to reduce enteric fermentation, the use of precision fertilizers application technologies, nitrogen testing kits, and nitrification inhibitors; and
- (c) Sharing information on national research and development programmes in sustainable agriculture.

33. Reduce emissions of methane through recovery and use.

Forestry

34. (a) Conserve and enhance, as appropriate, greenhouse gas sinks and reservoirs; pursue sustainable policies in the forestry sector, without negatively affecting long-term productivity and biodiversity, including through:

- (i) Developing forest management practices, including afforestation and re-afforestation policies, that expand carbon storage in the forest ecosystem, including soils;
- (ii) Expanding afforestation and reforestation that, where possible, provide a basis for viable and sustainable bio-fuel and wood production for local demands and for

¹ Under investigation.

industrial use and provide other beneficial effects such as watershed protection, protection against natural hazards or recreation;

(iii) Undertaking measures and forest management practices to decrease N_2O and CH_4 emissions and increase soil carbon;

(b) Protect and enhance sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol [including through reforestation and combating desertification and establishing regulations for sustainable forest use];

(c) Combat desertification.

Waste management

35. Reduce emissions of methane through recovery and use.

Other

36. Promote innovative technological development, international technical cooperation and transfer of [climate change] technologies and know how.

LIST B

37. [Annex I Parties to the Convention/Annex Q] Parties may:

Energy

38. Promote the introduction of carbon-free or low-carbon energy:

(a) Introduction of renewable energy (such as photovoltaic systems [one hundred million (kilowatt-hour)] and wind power generation [kiloliter oil-equivalent][share in primary energy supply (per cent)]); and

(b) Energies other than those in (a), which are described in Chapter III 1-4-2 "Introduction of energy sources that produce little or no carbon dioxide emissions" of the first national communication of Japan (submitted in September 1994) could be candidates for this list.

39. (a) Encourage fuel switching to less greenhouse gas emitting sources;

(b) Reduce greenhouse gas emissions in energy production, processing, transportation and distribution.

40. Modify energy policies, including through:

(a) Promoting reduction of energy losses and of greenhouse gas emissions, in particular CH_4 , in the production, transport and distribution of energy;

(b) Promoting, where appropriate, the use of integrated resource planning and least cost planning.

41. Pursue the development of technology relevant to climate change, including:
- (a) Energy and resource saving measures in the field of electricity generation, its distribution and consumption, in transport, industry, residential, commercial and other sectors;
 - (b) Alternative energy sources.
42. Apply economic instruments to ensure that market prices give appropriate signals to consumers and businesses to limit and reduce emissions of greenhouse gases, including through:
- (a) A framework for the introduction of an environmental carbon and/or energy taxation scheme²;
 - (b) A framework for domestic tradeable quota schemes or permits.
43. Pursue the development of economic measures relevant to climate change, including:
- (a) Implementation of market mechanisms in such fields as pricing, standards, taxation, policy; and
 - (b) Introduction and implementation of regulatory functions such as penalties for exceeding maximum admissible atmospheric emissions of greenhouse gases not controlled by the Montreal Protocol.
44. Promote access for all Parties to renewable energy technology, and remove all restrictions on its transfer.
45. Promote access for all Parties bio-fuel and sustainable wood production for local demand and for industry.
46. Promote the efficient use of energy by:
- (b) Improvement of power generation efficiency [general average of power generation efficiency (per cent)];
 - (c) Promotion of cogeneration (including fuel cells) [kilowatt];

² This framework could include:

- i. a common environmental taxation structure,
- ii. minimum taxation target rates, with an effective multilateral consultative process for reviewing taxation rates and possible exemptions, and monitoring the effects of taxes in reducing emissions,
- iii. study of a phasing-in mechanism, including agreement on a transitional period and possible exemptions during that period,
- iv. consideration of the sectors, sources and fuels which could be subject to taxation,
- v. timetable for implementation.

- (d) Promotion of energy-saving in buildings and housings;
- (e) Promotion of efficient use of waste biomass energy [the number of facilities].

47. (a) Improve energy efficiency of electric appliances, equipment and buildings in general to the highest technical level that is still cost-effective, including through voluntary agreements with producers and importers of these products and, if necessary or where appropriate, mandatory minimum efficiency standards of the products;

(b) Pursue voluntary agreements with energy producers and importers and industry to improve energy efficiency;

(c) Modify energy policies, including through improving energy efficiency of power plants and extending the use of combined heat and power.

Transport

48. (a) Reduce GHG emissions of all transportation modes and in particular significantly reduce emissions from newly registered motor vehicles, for example:

(i) Promote voluntary agreements with the manufacturing industry to reduce CO₂ emissions;

(ii) Develop complementary measures aimed at developing the market for fuel-efficient, low-CO₂ vehicles and alternative fuels;

(iii) Work, through ICAO, towards:

- Improvements in the coordination of international air traffic management;
- Continued development of information and guidance for airlines and airports to raise awareness and promote best environmental practice in air transport policy;

(b) Shift transport of goods and passengers to low-emission transport modes;

(c) Promote the reduction of CO₂ emissions from newly registered cars;

(f) Promote the use of public transport.

49. Give high priority to the promotion of rail for the transport of goods and passengers, and in particular, the combined use of rail/road transport at a national and regional level, for inclusion in Annex [Q] national programmes; and consider rail transport for common coordinated application.

50. Promote the efficient use of energy by improving automobile fuel efficiency [in the case of Japan, 10.15 mode³ fuel efficiency (kilometer/liter)].

³ Fuel economy test cycle in Japan. The majority of new vehicles are subject to one of three types of fuel economy test cycle (European, Japanese and American types).

51. Encourage innovative technological development, including via:

- (a) Research and development on advanced low or non-emission vehicles; and
- (b) Research and development on new generation city vehicles.

Industry

52. Reduce industry sector emissions, including through:

(a) Voluntary agreements in internationally oriented industrial sectors regarding energy efficiency and greenhouse gas efficiency and the development and introduction of advanced technology;

(b) International coordination on standards for energy efficiency and on the use of fiscal incentives for encouraging advanced options improving energy efficiency and reducing greenhouse gas emissions.

Agriculture

53. Reduce GHG emissions from agriculture, including through:

(a) Promotion of bio-energy production such as energy crops and energy plantations, as appropriate, where a net reduction of GHG emissions results;

(b) Identifying and promoting cost-effective ways to include climate change considerations in the general agricultural policies applied by different Parties and agreeing to pursue those policies and measures in the World Trade Organisation and other relevant bodies;

(c) Voluntary agreements with specific sectors to improve energy efficiency and reduce GHG emissions.

54. Pursue the development of technology relevant to climate change, including rational land use and agriculture.

55. Pursue the development of technology relevant to climate change, including the reduction of emissions and leakages of methane.

Forestry

56. Ensure the protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol, via:

(a) Sustainable management of forest and afforestation/reforestation [area of forest][growing stock]; and

(b) Development of green spaces in urban areas [area of city parks].

57. Pursue the development of technology relevant to climate change, including Implementation of specific measures to raise quality of sinks and reservoirs of greenhouse

gases.

Waste management

--

Other

58. Encourage innovative technological development, including via research and development of CO₂ separation, fixation and utilization technology.

59. Pursue international technical cooperation and transfer of technologies, including via:

(a) Activities implemented jointly [the number of projects] [an amount of expenditure];

(b) Cooperation for human resource development; and

(c) Cooperative research projects and studies.

60. Pursue the development of scientific knowledge relevant to climate change, including via:

(a) Fundamental and applied research on climate change problems;

(b) Development and refinement of estimates, scenarios and projections of climate change and its effects; and

(c) Creation of the system of monitoring of greenhouse gas concentrations in the atmosphere.

61. (a) Limit and/or reduce emissions of fluorocarbons and SF₆, including through voluntary agreements with sector organizations covering relevant aspects of the use of fluorocarbons and SF₆, the design of applications and the collection, recycling and regeneration of these substances, in all sectors and, if necessary, or where appropriate, product standards with respect to, *inter alia*, leakages;

(b) Develop international cooperation on policies and measures leading to reduction of fluorocarbon emissions; and

62. Promote education, training and public awareness.

LIST C

(this list, reproduced in FCCC/AGBM/1997/3/Add.1 paras 262.11-262.22, has not been reproduced here, but shall be considered as part of this draft revised negotiating text)

6 August 1997
3.00 p.m.

DRAFT REVISED NEGOTIATING TEXT BY THE NON-GROUP CHAIRMAN

CONTINUING TO ADVANCE THE IMPLEMENTATION OF
EXISTING COMMITMENTS IN ARTICLE 4.1

INFORMATION

NOTE

A provision stating that "the following text is without prejudice to the provisions of Article 4.1 of the Convention" has been inserted at the beginning of the chapter. On the basis of that addition the full sub-paragraphs of Article 4.1 have not been retained in the present draft.

All paragraphs remain open for final negotiation, and are not agreed, including all words/phrases within each paragraph; and existing brackets within each paragraph do not prejudice the status of that paragraph.

6 August 1997
3.00 p.m.

DRAFT REVISED NEGOTIATING TEXT BY THE NON-GROUP CHAIRMAN

**CONTINUING TO ADVANCE THE IMPLEMENTATION OF
EXISTING COMMITMENTS IN ARTICLE 4.1**

Chapeau

The following text is without prejudice to the provisions of Article 4.1 of the Convention.

Alternative 1

1.1 All Parties, taking into account their common but differentiated responsibilities [and respective capabilities] and their specific national and regional development priorities, objectives and circumstances, shall not introduce any new commitments for Parties not included in Annex I, but reaffirm existing commitments in Article 4.1 and continue to advance the implementation of these commitments in order to achieve sustainable development, taking into account Articles 4.3, 4.5 and 4.7.

Alternative 2

1.1 The Parties shall, in accordance with [Article 4.1 of the Convention and with the provisions of this Article] [the provisions of paragraphs _ below¹] continue to advance the implementation of commitments in Article 4.1 of the Convention [and] [. Further they shall] strengthen their collaboration through bilateral, [and] multilateral [and convention-based] mechanisms so as to facilitate reaching the ultimate objective of the Convention [[and] in order to achieve sustainable development, taking into account Articles 4.3, 4.5 and 4.7].

1.2 Continuing to advance implementation of existing commitments in Article 4.1 by non-Annex I Parties is contingent upon the effective implementation by developed country Parties of their commitments related to financial resources and transfer of technology, and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties. [Accordingly [the operating entity of the financial mechanism] shall provide the necessary resources for the implementation of the provisions of paragraphs _ below¹ in each developing country Party in an expeditious and timely manner].

¹ Proposals to advance the implementation of existing commitments in Article 4.1

1.3 A fund/funds for the provision of new and additional financial resources, which are predictable and adequate, to meet the needs of developing country Parties to advance implementation of their existing commitments under this Article/these provisions shall be set up under this protocol in accordance with Articles 4.3, 4.4, 4.5, 4.7, 4.8 and 11 of the Convention.

Emission inventories (Article 4.1(a))

2.1 All Parties shall develop, at the national level, local emission factors, activity data and models that reflect the socio-economic conditions of each [developing country] Party for the elaboration and periodic updating of national inventories, in the light of [the preparations of] initial national communications [based on the guidelines and format for non-Annex I communications] [and Annex II Parties to the Convention shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in the preparation of their national communications].

2.2 Each Party shall [submit to the secretariat on an annual basis] [provide] [annual] inventory data for greenhouse gases consistent with any guidelines adopted by the Parties and, to the extent possible, move to use full IPCC compatible methodologies for preparation of inventories.

2.3 The Parties [shall] [to] cooperate [in identifying and agreeing specific means and approaches to foster] bilateral[ly], [regional] and [global cooperation to] [multilaterally in] facilitat[e/ing] mitigation [of] and adaptation to climate change, including through [the] development of national inventories of greenhouse gas emissions.

National programmes (Article 4.1(b))

3.1 All Parties shall formulate, implement, publish and regularly update [and make available to the Conference of the Parties strategies for mitigation of climate change in order to achieve sustainable development] [and update] [at the] national and where appropriate, regional [level] programmes [regularly, in addition to any updating carried out in the context of national communications] containing measures to [address climate change and its adverse impacts in order to achieve sustainable development].

3.2 Each Party shall [strengthen its [respective] legal and institutional frameworks [as appropriate]] to advance the implementation of its [existing] commitments under Article 4.1 of the Convention].

3.3 The Parties shall cooperate [bilaterally and multilaterally] [in identifying and agreeing specific means and approaches to foster bilateral, regional and global cooperation to] [in] facilitat[e/ing] mitigation [of] and adaptation to climate change, including through the formulation and implementation of relevant programmes of measures to mitigate and adapt to climate change, with a special consideration of measures which also favor the economic development of Parties [as well as of measures in sectors largely open to international competition].

3.4 [Each Party shall have] [national] programmes to incorporate [as appropriate] policies and measures [at the national level] to [promote] [remove obstacles to] the limitation of greenhouse gas emissions and [to] the enhancement of sinks including by:

- (a) Increasing energy efficiency;
- (b) Emphasizing market-oriented pricing;
- (c) Increasing the use of renewable energies;
- (d) Making improvements in the transport sector;
- (e) Improving efficiencies in industrial production processes;
- (f) Promoting the development and sustainable management of sinks and reservoirs of greenhouse gases;
- (g) Improving integration of climate change considerations into agriculture;
- (h) Removing obstacles to the limitation of greenhouse gas emissions and to the enhancement of sinks;
- [(i) Establishing appropriate energy regulatory structures and encouraging energy sector reforms.]

3.5 Each Party shall take actions to address climate change that are justified economically in their own right and can also help in solving other environmental problems.

3.6 Each Party shall:

- [(a) Quantify the effects of the measures it implements [including those under subparagraphs 3.4 and 3.5];]
- (b) Evaluate barriers to the adoption of potential measures; and
- (c) Report to the secretariat, as part of its communication under the Convention, on the measures it has implemented, measures it plans to implement, and barriers to the adoption of potential measures.

Technology (Article 4.1(c))

4.1 All Parties shall promote effective modalities for the access and transfer, in particular to developing countries, of environmentally sound technologies, and know how, practices and processes pertinent to mitigation of and adaptation to climate change by means of activities, including the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain, and

encourage the private sector to promote and enhance access to and transfer of patent protected environmentally sound technologies, in particular to developing countries.

4.2 The Parties [to/shall] cooperate [bilaterally and multilaterally] in [identifying and agreeing specific means and approaches to foster bilateral, regional and global cooperation to] [in] facilitat[e/ing] mitigation [of] and adaptation to climate change, including [through] the development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent greenhouse gas emissions [particularly in sectors strongly exposed to international competition].

not include
the new 4.3
Mg.

4.3 All Parties shall, on the basis of strategies for the mitigation of climate change, make national inventories of the need and market potential for technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases. Each Party shall take measures to facilitate investment in climate-friendly technologies.

4.4 All Parties shall ensure the transfer of material, equipment and technology for renewable sources of energy [including solar and biomass] to [all Parties] [developing countries] [on concessional and preferential terms]. [[All Parties] [Developing country Parties] shall remove all restrictions on such transfers].

Sinks and reservoirs of greenhouse gases (Article 4.1(d))

5.1 All Parties shall promote sustainable management [for] [and promote and cooperate in the provision of necessary financial and technological resources for] conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems [taking into account the work being done in other relevant fora].

Impacts of climate change Article (4.1(e))

6.1 All Parties shall cooperate in preparing for adaptation to the impacts of climate change through the assessment [at the national level] of the environmental, economic and social impacts of climate change, including sea level rise, changes in storms or storm surges, and the risk to coastal ecosystems, including fragile ecosystems, wetlands, coral reefs and atolls, as well as freshwater supplies, arid and semi-arid areas, drought and desertification, and [the development and implementation of integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of terrestrial, coastal and marine ecosystems and areas affected by drought and desertification, as well as floods].

Climate change considerations in relevant policies and actions (Article 4.1(f))

7.1 All Parties shall assess [at the national level] the environmental, economic and social consequences [on all Parties] [in particular on developing country Parties] of various response strategies, as well as their effects on greenhouse gas emissions with a view to minimizing adverse effects on the economy, on infrastructure, on human settlements, on social and

cultural practices, on public health and on the quality of the environment of projects or measures undertaken by them to mitigate or adapt to climate change and include such assessments in national communications.

Alternative 1

7.2 All Parties [shall] [identify and agree to] [implement strategies to ensure climate change considerations are taken into account in relevant Government policy areas and initiatives] [and include an [assessment] [evaluation of the effects thereof] in national communications.] [All Parties to the extent possible shall develop and utilize [national level] indicators of relevant [to] [voluntary measures for the] mitigation of and adaptation to climate change] [in the context of sustainable development with particular reference to paragraph 4 of Decision 4/5 adopted by the United Nations Commission on Sustainable Development (CSD) at its fourth session, in 1996].

Alternative 2

7.2 All Parties shall, to the extent possible, develop and utilize relevant indicators to assist in the assessment of the impact of climate change and the response measures on the economy, public health and the quality of the environment.

Research and systematic observation (Article 4.1(g))

8.1 All Parties shall develop [at the national level] systematic observation and data archives, scientific and technical research, and [support for improving] endogenous capacities and capabilities to participate in international and intergovernmental programmes related to the climate system [taking into account the particular concerns and needs of developing country Parties, in the implementation of Article 5]. and [the enhancement at the national level of access to, and the exchange of, data and analyses thereof, obtained from areas beyond national jurisdiction.]

8.2 Parties shall, to the extent possible, support and/or participate in the work of:

(a) Relevant international bodies in examining, elaborating, assessing, developing and implementing strategies for mitigation and adaptation to climate change and international programmes related to climate change, and

(b) [the multilateral development banks and other international development finance institutions, in [addressing through assistance strategies how best to support policies and measures under paragraphs 3.4 and 3.5 above, together with other economic development objectives and in establishing appropriate climate change programs at these institutions] [the integration of climate change considerations in their mainstream activities such as through focus on energy efficiency and greenhouse gas abatement technologies, and reports on performance in this regard].]

Not joined
to rest English

Exchange of information (Article 4.1(h))

9.1 All Parties shall [in accordance with Article 4.7 of the Convention] promote and cooperate [through the provision of the necessary financial and technological resources] in the full, open and prompt exchange of relevant scientific, technological, technical, socio-economic and legal information related to the climate system and climate change, and to the economic and social consequences of various response strategies [including through the establishment of relevant mechanisms in the subsidiary bodies of the Convention].

Education, training and public awareness (Article 4.1(i))

10.1 All Parties, in accordance with Article 6 of the Convention, shall develop and implement [at the national level] education and training programmes, and strength national institutions including the exchange or secondment of personnel to train experts, and develop guidelines/methodologies through the relevant bodies of the Convention. [[Annex I Parties] [Each Party] shall continue to report, as part of their/its communication under the Convention, on how it is promoting public education and participation in the development of climate change policy.]

Information related to implementation (4.1(j))

Alternative 1

11.1 All Parties shall communicate to the Conference of the Parties information related to implementation, in accordance with Articles 10.2 (a) and (b), and Article 12 taking fully into account the respective guidelines for Annex I and non-Annex I Party communications adopted by the Conference of the Parties [at its second session].

Alternative 2

11.1 All Parties shall, in respect of national communication participate in:

(a) [Arrangements for] in-depth reviews of [non-Annex Q] Parties' communications [should be strengthened along the lines of the Organization of Economic Co-operation and Development (OECD) Countries Environmental Performance Reviews (that is, including a formal opportunity for other Parties to ask questions about the review findings); and]

(b) In-depth reviews of [Annex Q] Parties' communications in accordance with Articles _ .

Alternative 3

11.2 In respect of national communications:

(a) in-depth reviews of [Annex Q] [Annex I] Party communications shall take place in accordance with Article 4 (Review Process):

(b) consideration of [non-Annex Q] [non-Annex I] Parties communications shall take place in accordance with a process, to be established by the Parties, that is designed to:

- (i) enable the review of the effects of individual measures;
- (ii) assist Parties in identifying and implementing appropriate measures for mitigating net anthropogenic emissions of greenhouse gases;
- (iii) identify key sectors and technological options within them;
- (iv) consider possibilities for promoting voluntary arrangements with industry aimed at identifying and encouraging implementation of measures; and
- (v) explore various means through which Parties could obtain both the know-how and the technology needed to implement options identified.

DRAFT REVISED NEGOTIATING TEXT BY THE CHAIRMAN OF THE NON-GROUP ON INSTITUTIONS AND MECHANISMS, INTRODUCTORY AND FINAL ELEMENTS

I. INTRODUCTORY ELEMENTS

A. Preamble

Proposal 1

[The Parties to (his Protocol,

Being Parties to the United Nations Framework Convention on Climate Change adopted at New York on 9 May 1992 (hereinafter referred to as the "Convention"),

In pursuit of the ultimate objective of the Convention as stated in its Article 2 (*para. 10.1 and 14*),

Recalling the provisions of the Convention and being guided by the principles contained in its Article 3¹,

Having reviewed Article 4, paragraph 2 (a) and (b) of the Convention at the first session of the Conference of the Parties to the Convention and having concluded that these paragraphs are not adequate (*para. 10.2*),

Having agreed to begin a process to enable the Conference of the Parties to take appropriate action for the period beyond 2000 (the "Berlin Mandate") including the strengthening of the commitments of the Parties included in Annex I to the Convention in Article 4.2(a) and (b), through the adoption of a protocol or another legal instrument,

Recognizing that, according to the Berlin Mandate, the process will not introduce any new commitments for Parties not included in Annex I, but reaffirm existing commitments in Article 4.1 and continue to advance the implementation of these commitments in order to achieve sustainable development, taking into account Article 4.3, 4.5 and 4.7 (*para. 19.1*),

Noting the second assessment report of the Intergovernmental Panel on Climate Change (*para. 11.1*),

Have agreed as follows:]

¹ In order to avoid duplication, this reference to all the provisions of the Convention captures those paragraphs of the negotiating text (*paras. 10, 10.3-10.7, 10.9, 10.10, 13.2-13.4, 15-15.3 and 19*) which repeat Convention language or recall its provisions.

Proposal 2

- [1. Recalling decision I/CP.1 of the Conference of the Parties at its first session held at Berlin from 28 March to 7 April 1995 on the Berlin mandate,]
- [2. Recalling [Article 7 paragraph 2][the provisions]of the Convention and taking into account that this Protocol is a related legal instrument to the Convention,]
3. Recognizing the necessity of urgently limiting their anthropogenic emissions of greenhouse gases and of protecting and enhancing their greenhouse gas sinks and reservoirs in order to mitigate the adverse effects of climate change (*para. 11*),
4. Taking note that many of the Parties included in Annex I to the Convention need to make additional efforts to overcome difficulties that they face in achieving the return of their emissions of greenhouse gases to 1990 levels by 2000, and recognizing the necessity for emission limitations and significant overall reductions within specified time-frames with respect to their anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol on Substances that Deplete the Ozone Layer, 1987, as adjusted and amended (hereinafter referred to as the "Montreal Protocol") (*para. 11.2*).
5. Recognizing that policies and measures undertaken by developed country Parties to limit or reduce their emissions of greenhouse gases likely will have adverse economic and/or social impacts upon many developing countries, including, but not limited to, countries with economies that are highly dependent on income generated from the production, processing and export of fossil fuels, and that such impacts will have an adverse effect on the ability of such countries to achieve the economic and social development and poverty eradication that are the first and overriding priorities of developing countries (*para. 12*).
6. Aware of the advantages of coordinating relevant measures and strategies, including specific administrative and economic instruments to achieve the objective of the Convention (*para. 13*),
7. Acknowledging that in accordance with the principle of common but differentiated responsibilities Parties to the Convention and this Protocol should in future re-examine the impact of global efforts to combat climate change and the adverse effects thereof, (*para 13.1*),
8. Noting that there are many uncertainties in predictions of climate change, particularly with regard to the timing, magnitude and regional patterns thereof (*para 13.2*),
9. Reaffirming that Parties should take precautionary measures to anticipate, prevent, or minimize the causes of climate change and mitigate its adverse effects and that, where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures (*para 13.3*),

10. Recognizing that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountain ecosystems are particularly vulnerable to the adverse effects of climate change (*para 13.4*),

11. Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions (*para 15.1*),

12. This Protocol contains indicators on the limitation and reduction of greenhouse gas emissions which are genuinely feasible for Parties and which are developed on the principles of the common but differentiated responsibilities of States and ecologically sustainable development (*para. 14.1*),

13. This Protocol includes mechanisms provided by the Convention without any change or replacement of the statements and principles of the Convention. Where necessary, the Protocol also permits the use of additional mechanisms, which do not contradict the Convention and facilitate implementation of the objectives of the Protocol (*para. 14.2*),

14. This Protocol takes into account, to the maximum degree, the real contribution of each Party to the implementation of its commitments under the Convention on the limitation and reduction of greenhouse gas emissions to the atmosphere and the enhancement of their removal (*paras.14.3*).

15. Reaffirming the need for a comprehensive approach in addressing climate change, to include all relevant greenhouse gases in all economic sectors by sources and removals by sinks, mitigation as well as adaptation to climate change (*para. 16*).

16. Acknowledging the potential contribution of the elimination of subsidies, and other economic incentives, including tax incentives, to reduction of greenhouse gas emissions in Annex I countries, [and therefore highest priority should be given to those policies in implementing their commitments] (*paras.16.1*).

17. Recognizing that the purpose of this Protocol is to facilitate the achievement of the ultimate objective indicated in Article 2 of the Convention, by the adoption of specific new commitments by the Parties included in Annex I, and also by the implementation of voluntary measures, which could be taken by all Parties, to set quantitative emission limitation and reduction objectives, and enhance greenhouse gas sinks and reservoirs within specified time-frames beyond 2000 (*para. 17*).

18. Recognizing the need to reduce global emissions of greenhouse gases and taking into account historical emissions and the specific responsibilities of the countries which have contributed to a greater extent than others to the rise in concentrations of these gases, and recognizing the specific, special and differentiated needs of the Parties, for the purpose of securing a stabilization in the concentrations of greenhouse gases in the atmosphere, in such a way as to prevent anthropogenic interference with the climate system, ecosystems, economic output and the development of future generations (*para. 18*),

19. Recognizing that economic development is a priority for the developing countries, and that they have low per capita levels of greenhouse gas emissions, we reaffirm that they are sovereign as regards the reduction of their emissions of greenhouse gases (*para. 18.1*),
20. Recognizing that, against the above background, there is a need to shoulder a common but differentiated responsibility, in keeping with the capability of each Party, to generate the broadest possible cooperation, among all the Parties, in working towards the objectives of the Convention, and any other instrument stemming from it (*para. 18.2*),
21. Affirming that compliance with the principal obligations on the part of the Annex I countries is of fundamental importance for the full implementation of emission reduction measures, but within that context, we recognize that the contribution of joint implementation cannot be left aside, as a differentiated, voluntary and complementary measure of joint responsibility, in order to contribute to a greater extent to the global mitigation and reduction of emissions of greenhouse gases, the transfer of technology for the control, reduction and prevention of anthropogenic emissions, and education, training and awareness-raising with regard to climate change and technology transfer (*para. 18.3*),
22. We affirm that, in parallel to the matters mentioned above, it is of fundamental importance within the framework of the discharge of the principal obligations and the pursuit of joint implementation projects, to support the promotion of the sustainable management of the conservation and development of sinks and reservoirs of greenhouse gases, which are not regulated by the Montreal Protocol, such as biomass, forests, ecosystems and oceans, inasmuch as they benefit humankind by generating two environmental services, that of sustaining biological diversity, and that of trapping and substantially reducing anthropogenic emissions of greenhouse gases (*para. 18.4*),
23. Recognizing that, through compliance with their principal obligations, together with the pursuit of joint implementation projects, the Annex I countries can contribute to funding the incremental costs involved in the application of sound policies and measures falling under national programmes for sustainable development in the developing countries, including the enhancement of the global environmental benefits of ecosystems which act as sinks and reservoirs of greenhouse gases, as against the present development of lower-cost technologies, which increase global emissions of greenhouse gases (*para. 18.5*),
24. Recognizing the need to avoid the creation of "greenhouse gas polluter havens", renewed emphasis is placed on the need for the quantification, reporting, reduction and mitigation of emissions of greenhouse gases, to be conducted at the national level (*para. 18.6*).
25. Recognizing the benefits from cooperation in response to the threat of global climate change and affirming the necessity of broad participation among the Parties to the Convention at the earliest possible date in limitation of greenhouse gas emissions and enhancement of sinks if the objective of the Convention is to be met,
26. Affirming the importance of cost effectiveness of responses as the basis for broad based and equitable responses,
27. Recognizing the critical role flexibility plays in leading to cost effective responses,

28. Affirming the importance of establishing a process for developing an approach in the longer term for establishing a concentration based approach to future emission limitation goals,
29. Recognizing that effective reporting, monitoring verification and enforcement methodologies must be developed and applied at the earliest possible date by all Parties,
30. Acknowledging the on-going work of the IPCC in improving our understanding of the climate system,
31. Reaffirming the importance of taking a comprehensive approach to emission limitation approaches,
32. Reaffirming the importance of developing and diffusing new technologies to increase productivity and improve energy efficiency while reducing greenhouse gas emissions.
33. Reaffirming the importance of taking into account the differences in starting points and approaches, economic structures and resource bases of Parties, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of the Parties to the global effort.
34. Have agreed as follows:

B. Definitions

35. For the purposes of this Protocol, the following definitions shall apply:
 - [35.1 These are additional to the definitions in Article 1 of the Convention.]
 - [35.2 "Annex _ Parties" means Parties included in Annex _ (*listing of Parties*).]
 - [35.3 "Annex I Parties" means [the developed country Parties and other developed] Parties included in Annex I to the Convention [, that are also Parties to this Protocol.]]
 - [35.4 "Annex III Parties" means developing country Parties whose economies are highly dependent on the exploitation, production, processing and exportation of fossil fuels.]
 - [35.5 "Anthropogenic emission" means the total emissions of greenhouse gases into the atmosphere within the territory of a Party caused by human activity during a concrete period.]
 - [35.6 "Anthropogenic sink" means the total removal of greenhouse gases from the atmosphere within the territory of a Party caused by human activity during a concrete period.]
 - [35.7 "Change in per capita economic welfare" means the change in per capita gross national expenditure resulting from mitigation action.]

[35.8 "Compensation mechanism" means the mechanism which shall be established by this Protocol to compensate social and economic losses arising from the implementation of the present instrument sustained by Annex III Parties.]

[35.9 "Conference of the Parties" means the Conference of the Parties to the Convention established pursuant to Article 7 of the Convention.]

[35.10 "Convention" means the United Nations Framework Convention on Climate Change done at New York on 9 May 1992 [and adopted for signature in Rio de Janeiro on 4 June 1992].]

[35.11 "Depositary" means the Depositary designated in Article 19 of the Convention.]

[35.12 "Domestic emission" means emissions of greenhouse gases that take place within the territory of a country.]

[35.13 "Effective emissions", in a given time period, means the increase in global mean surface temperature at the end of the period, as determined by an agreed climate change model, resulting from both the net anthropogenic emissions of an agreed set of greenhouse gases, in each year of that time period, and from the initial concentrations of those greenhouse gases in the beginning of the period.]

[35.14 "Emission intensity of exports" means the ratio of emissions generated domestically by the export sector with the total value of exported goods and services, for the agreed reference period.]

[35.15 "Emission intensity of GDP" means the ratio of emissions to gross domestic product (GDP), for the agreed reference period.]

[35.16 "Fossil-fuel intensity of exports" means the emissions content of fossil fuel exports as a proportion of the value of total exports of goods and services, for the agreed reference period.]

[35.17 "Global warming potential" (GWP) means the numerical parameter used for the calculation of the emission of one metric tonne of one or more other greenhouse gas in such an amount of carbon dioxide which causes the same greenhouse effect as one metric tonne of this gas.]

[35.18 "Greenhouse gas" means any [greenhouse] gas [with a greenhouse effect not controlled by the Montreal Protocol] [for which a GWP is set forth/covered] in Annex [C] (*list of greenhouse gases*) of this Protocol.]

[35.19 "Greenhouse gas emission mitigation certificate" means an environmental mechanism and financial instrument by means of which the Annex I Parties can demonstrate their contribution as financial partners in the implementation of joint implementation projects, making it possible to reduce global emissions that cause the greenhouse effect, generating overall environmental benefits that make themselves felt through the certification of metric tons of carbon equivalent offset, which, taken together, represents the value of the investment made in mitigation.]

[35.20 "Indicator" means _ .]

[35.21 "Joint implementation" means a voluntary action between Annex I Parties and non-Annex I Parties to the United Nations Framework Convention on Climate Change by means of which the corresponding measures to mitigate climate change through the limitation and reduction of anthropogenic emissions of greenhouse gases and the protection and enhancement of sinks and reservoirs of greenhouse gases can be carried out jointly in the territory of non-Annex I Parties in order to make an overall contribution to the attainment of the objectives of the Convention.]

[35.22 "Meeting of the Parties" means the Conference of the Parties established pursuant to Article _ (*Meeting of the Parties*) of this Protocol.]

[35.23 "Montreal Protocol" means the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, as subsequently adjusted and amended.]

[35.24 "National emission" means emissions of greenhouse gases attributable to an activity performed by a citizen or a company of a country.]

[35.25 "Net anthropogenic emissions" of [greenhouse gases/a given greenhouse gas not controlled by the Montreal Protocol] [means/is] the [calculated] difference between [anthropogenic] emissions [by sources] and [anthropogenic] [removals by] sinks [of that greenhouse gas in that year/during the concrete period].]

[35.26 "Objective" means the ultimate objective stated in Article 2 of the Convention.]

[35.27 "[Parties/Party]" means [unless otherwise stipulated,] [the Parties/a Party] to this Protocol.]

[35.28 "Parties" means those States or regional economic integration organizations (as defined in Article 1, paragraph 6 of the Convention) as to which this Protocol has entered into force in accordance with its terms.]

[35.29 "Parties to the Convention" means [those States or regional economic integration organizations/Parties] for whom the Convention has [legally] entered into force in accordance with [its terms/the provisions of the Convention], [whether or not they are Parties to this Protocol].]

[35.30 "Pre-industrial level" in relation to global average temperatures means the 1860 to 1880 average global mean surface temperature.]

[35.31 "Principles" means, unless the context otherwise requires, the principles stated in Article 3 of the Convention.]

[35.32 "Projected population growth" means the projected percentage change in population level for the period for which a QELRO applies relative to the agreed reference period.]

[35.33 "Projected real GDP per capita growth" means the projected percentage change in real per capita GDP level for the period for which a QELRO applies relative to the agreed reference period.]

[35.34 "Protocol" means this _.]

[35.35 "Quota of net anthropogenic emissions of greenhouse gases" means the total sum of annual net anthropogenic emissions of greenhouse gases (calculated in terms of carbon equivalent) permitted by this Protocol for a Party for this period of commitments.]

[35.36 "Secretariat" means the [permanent] secretariat [designated by the Conference of the Parties in accordance with/established under] Article 8 of the Convention.]

[35.37 "Tonne of carbon equivalent" means [one metric tonne of carbon, or a quantity of one or more other greenhouse gases equivalent to one metric tonne based on the GWPs decided by the Parties in accordance with Annex [C] of this Protocol/the amount of carbon dioxide (or other greenhouse gas calculated by GWP) in terms of tonnes of carbon].]

[35.38 "Voluntary goal" means _ .]

[35.39 Unless the context of a provision otherwise indicates, the plural form of the terms defined in paragraphs _ shall include the singular.]

II. INSTITUTIONS AND MECHANISMS

A. Conference of the Parties

Proposal 1

36. The Conference of the Parties to the Convention shall serve as the Conference of the Parties to the Protocol. [Subject to paragraphs 36.1 and 36.2 below, the provisions of Article 7.2 to 7.6 of the Convention shall apply *mutatis mutandis* to its functioning with regard to the Protocol].

36.1 In accordance with Article 17.5 of the Convention, when the Conference of the Parties exercises its functions with regard to matters concerning the Protocol, decisions shall be taken only by those of its members that are, at the same time, Parties to the Protocol.

36.2 When the Conference of the Parties exercises its functions with regard to matters concerning the Protocol, any member of the Bureau of the Conference of the Parties representing a Party to the Convention, but, at the same time, not a Party to the Protocol, shall be substituted by an additional member to be elected by and from the Parties to the Protocol.

36.3 The Conference of the Parties, at its first session after entry into force of this Protocol, shall decide upon modalities for the conduct of business on matters relating to this Protocol.

[37. The Parties shall make every effort to reach agreement by consensus on all matters of substance and on financial questions. If all efforts to reach consensus have been exhausted and no agreement has been reached, the decision shall, as a last resort, be taken by a [two-thirds] majority vote of both Parties to this Protocol included [in Annex I to the Convention] present and voting, and Parties to this Protocol [not included in Annex I to the Convention] present and voting.]

Proposal 2

38. A Meeting of the Parties is hereby established. The Meeting of the Parties shall keep under regular review the implementation of the Protocol and shall make, within its mandate, the decisions necessary to achieve its effective implementation. To this end, it shall:

(a) Periodically review the commitments of the Parties and the institutional arrangements under the Protocol, in the light of the objective and principles of the Convention, the experience gained in the implementation of the Protocol and the evolution of scientific and technological knowledge;

(b) Adopt targets and timetables referred to in Article 3.1 (*see paragraph 110*);

(c) Review and revise the commitments of Annex I Parties referred to in Article 3.2 (*see paragraph 174*);

(d) Receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5 (*see paragraphs 154-154.2*);

(e) Regularly assess the overall aggregated effect of the steps taken by Annex I Parties in the light of the latest scientific assessments concerning climate change, and of the Protocol's objective, and ensure the publication of such assessments;

(f) At its first Meeting, agree upon and adopt by consensus, rules of procedure and financial rules for itself and for any subsidiary body;

(g) Receive reports from, and if necessary give guidance to, the financial mechanism and to subsidiary bodies on matters relating to the implementation of this Protocol;

(h) Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies;

(i) Establish further subsidiary bodies as may be deemed necessary for the implementation of the Protocol;

(j) Make recommendations on any matters necessary for the implementation of this Protocol;

(k) Consider and, if approved, adopt proposals for any amendment of or addition to this Protocol or any annex thereto; and

(l) Exercise such other functions as are required for the implementation of this Protocol, including any functions assigned to it by the Conference of the Parties.

38.1 The secretariat shall convene the first Meeting of the Parties not later than one year after the date of the entry into force of this Protocol and, if feasible, in conjunction with a meeting of the Conference of the Parties. Thereafter, ordinary sessions of the Meeting of the Parties shall be held every year in conjunction with sessions of the Conference of the Parties, unless otherwise decided by the Meeting of the Parties.

38.2 Extraordinary sessions of the Meeting of the Parties shall be held at such other times as may be deemed necessary by the Meeting of the Parties, or at the written request of any Party, provided that, within six months of such a request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

38.3 The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State not party to this Protocol, may be represented at any Meeting of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Protocol and which has informed the secretariat of its wish to be represented at a session of the Meeting of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Parties at their first Meeting.

38.4 The first Meeting of the Parties shall adopt by consensus financial rules, in accordance with guidance received from the Conference of the Parties, to ensure that any additional funds for the operation of this Protocol are provided by the Parties to this Protocol.

B. Secretariat

39. The secretariat established by Article 8 of the Convention shall serve as the secretariat to this Protocol.

39.1 Arrangements made for its functioning under Article 8.3 of the Convention shall apply mutatis mutandis to the Protocol.

39.2 The costs of secretariat services for this Protocol shall be met only by Parties thereto to the extent that these are distinct.

C. Subsidiary Bodies

40. [The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention (hereinafter referred to as "the Subsidiary Bodies") shall serve as the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Protocol. [Their functioning with respect to the Convention shall apply *mutatis mutandis* to the Protocol].

40.1 When the Subsidiary Bodies exercise their functions with regard to matters concerning the Protocol, decisions shall be taken only by those of their members that are, at the same time, Parties to the Protocol.

40.2 When the Subsidiary Bodies exercise their functions with regard to matters concerning the Protocol, any member of the bureau of the Subsidiary Bodies representing a Party to the Convention, but, at the same time, not a Party to the Protocol, shall be substituted by an additional member to be elected by and from the Parties to the Protocol.]

[D. Coordination mechanism

41. A mechanism to facilitate Annex I Parties' coordination of measures developed to achieve the objective of the Convention is hereby established to provide the Meeting of the Parties and, as appropriate, the institutions established by the Convention and other relevant international organizations with timely advice on the coordination of such measures.

41.1 The mechanism shall provide advice on the full range of measures the coordination of which could assist Annex I Parties implement their commitments to combat climate change and the adverse effects thereof. These measures shall include, *inter alia*, the coordination of economic instruments such as taxes or subsidies, administrative instruments such as least cost or integrated resource planning, energy efficiency standards and recycling, and specific measures covering the industrial, energy, transportation, land use, agriculture, waste management and forestry sectors.

41.2 The mechanism shall be open to participation by all Parties to this Protocol and shall be multi-disciplinary. It shall comprise governmental representatives competent in the relevant field of expertise. It shall report regularly to the Meeting of the Parties on all aspects of its work.

41.3 The functions, terms of reference, organization and operation of this mechanism shall be elaborated further at the first Meeting of the Parties.]

E. Financial mechanism

42. The financial mechanism defined in Article 11 of the Convention, as well as the entity or entities entrusted with its operation, shall serve as the financial mechanism and entity or entities for the purpose of the Protocol [and for matters that relate solely to activities under the Protocol shall function under the guidance of and be accountable to the Conference of the Parties to this Protocol].

F. Review of information and review of implementation and compliance^[2,3]

Proposal 1

43. A team of experts commissioned by the secretariat shall review the information of each Party submitted in accordance with paragraph 1 (*see paragraph 159*) above. The team of experts shall report the results of the review to the Meeting of the Parties.

43.1 If the Meeting of the Parties, on receipt of the reports referred to in paragraph 207 above, concludes that a Party is under difficulty in achieving the quantified objective referred to in Article 3, paragraph 1 (*see paragraph 114*), the Meeting shall make recommendations to the Party. The Party which received such recommendations shall review its policies and measures, and submit the results of its review to the Meeting of the Parties within one year of making such recommendations.

Proposal 2

44. In addition to the review of communications conducted under Article 10.2(b) of the Convention, the Parties, at a meeting, shall consider the information submitted by Annex A and Annex B Parties under Article 3 (*see paragraphs 163-163.7*) in order to assess those Parties' implementation of their obligations.

44.1 Reviews will be conducted by expert review teams, which will be coordinated by the secretariat and composed of experts selected from those nominated by Parties and, as appropriate, by intergovernmental organizations.

44.2 Reviews will be in accordance with guidelines to be adopted by the Parties. These guidelines shall, *inter alia*, provide for how information will be made available to the public and define mechanisms by which observers and the public may provide comments, supplemental data or other information to facilitate and improve reviews. The guidelines shall be periodically reviewed by the Parties for appropriate revision.

44.3 Review teams will review all aspects of a Party's implementation of this Protocol, including the likelihood that a Party will achieve its emissions budgets obligations. They will prepare a report assessing a Party's implementation of its obligations, identifying any areas of apparent non-compliance, as well as potential problems in achieving obligations. Reports will be provided to the Parties.

^[2] *With respect to measurement, reporting and review, and indeed related reviews, a decision was made to transfer these issues to the institutions section - after substantive issues had been considered in related working groups - to form part of the compliance package. Some of these provisions may therefore need to be subsequently generalized, for instance if the reporting and review undertakings are to cover commitments of the agreement as a whole, rather than QELROS only.]*

^[3] *Proposals from Chapter 3, on "Review of Commitments," notably paragraph 181, should be included in this section of the text, and considered in the institutions discussions].*

44.4 Based on such reports, the Parties, at a meeting, may make recommendations to a Party. In such case, the Party shall review its implementation, take appropriate action, and report back to the next meeting of the Parties on its action.

44.5 There would also be provisions setting forth various consequences for non-compliance with obligations, as determined by the Parties. Consequences would correspond to the type, degree, and frequency of non-compliance. Some would be automatic, while others might be discretionary. Consequences could include, for example:

(a) Denial of the opportunity to sell tonnes of carbon equivalent emissions allowed through international emissions trading and/or joint implementation; and

(b) Loss of voting rights and/or other opportunities to participate in processes under the Protocol.

Proposal 3

45. The Meeting of the Parties shall receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5 (*see paragraphs 154-154.2*). Based on its reviews, it shall make recommendations on any matter necessary for the implementation of the Protocol.

Proposal 4

[46. The Conference of the Parties and its appropriate subsidiary bodies shall receive, through the secretariat, national communications and ensure their in-depth review. Based on such review, the Conference of the Parties shall make recommendations on any matter necessary for the implementation of the Protocol / legal instrument].

G. Multilateral consultative process

47. The Parties to the protocol, [at their first meeting] after the entry into force of the protocol, [or as soon as practicable thereafter], shall [establish]/ [consider] [the establishment]/[application to the Protocol] of [a multilateral consultative process] [or] [the multilateral consultative process referred to in Article 13 of the Convention] [available to Parties on their request for the resolution of question regarding the implementation of the Convention] [to promote the effective implementation of the Protocol].

H. Dispute settlement

Proposal 1

48. The provisions of Article 14 to the Convention shall apply *mutatis mutandis* to this Protocol.

Proposal 2

49. When ratifying, accepting, approving or acceding to the Protocol, a Party which is not a regional economic integration organization may declare in a written instrument submitted to the Depositary that, in respect of any dispute concerning the interpretation of this protocol, [concerning the implementation of commitments (or of any other provision of this Protocol necessary to the interpretation or application of this protocol) any claim made pursuant to the Article concerning the economic injuries sustained by developing countries, [and the Article on the compensation mechanism] it recognizes as compulsory ipso facto and without special agreement, in relation to any Party [to the Convention]] accepting the same obligation:

(a) [Submission of the dispute to the International Court of Justice; and/or]

(b) Arbitration in accordance with procedures to be adopted by the Conference of the Parties.

49.1 A Party which is a regional economic integration organization may make a declaration with like effect in relation to arbitration in accordance with the procedures referred to in subparagraph (b) above.

Proposal 3

50. Provisions on mandatory, binding dispute settlement [with specific consequences flowing from a violation] among Annex A and Annex B Parties, as well as against other Parties as appropriate (for example, host countries under Article 7 (see paragraphs 143-143.6) and stating that this process would be without prejudice to the review and compliance process under Article 4 (see paragraphs 208-208.5).

III. FINAL ELEMENTS

A. Amendments

Proposal 1

51. Any Party to the Protocol may propose amendments to the Protocol.

51.1 Amendments to the Protocol shall be adopted at [a meeting of the Parties / an ordinary session of the Conference of the Parties]. The text of any proposed amendment to the Protocol shall be communicated to the Parties by the secretariat at least six months before the session at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to the Protocol and, for information, to the Depositary.

51.2 The Parties to the Protocol shall make every effort to reach agreement on any proposed amendments to the Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a [two-thirds/three-fourths] [double two-thirds ...] majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

51.3 Instruments of acceptance in respect of an amendment shall be deposited with the Depository. An amendment adopted in accordance with paragraph 6.2 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depository of an instrument of acceptance by at least [two-thirds/three-fourths] of the Parties to the Protocol.

51.4 The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depository its instrument of acceptance of the said amendment.

51.5 For the purposes of this Article, "Parties present and voting" means Parties to the Protocol present and casting an affirmative or negative vote.

Proposal 2

52. Any Party to the Convention may propose amendments to this Protocol. For purposes of Article 17.5 of the Convention, the phrase "Decisions under any Protocol" shall not be interpreted or applied to include adoption of an amendment to this Protocol. The authority to adopt the foregoing is vested in the Conference of the Parties.

52.1 Amendments to this Protocol may be adopted only at an ordinary session of the Conference of the Parties by consensus. The text of any proposed amendment shall be prepared in one of the following languages: Arabic, Chinese, English, French, Russian and Spanish, and shall be translated into each of the other languages, and the secretariat shall communicate the text of the proposed amendment to each of the Parties to the Convention in one of those languages reasonably believed by the secretariat to be preferred by the Party to the Convention at least six months before the meeting of the Conference of the Parties at which it is proposed for adoption. The secretariat also shall communicate proposed amendments to the signatories to the Convention and, for information, to the Depository.

52.2 An adopted amendment shall be communicated by the secretariat to the Depository, who shall circulate it to each of the Parties for ratification or acceptance in one of the languages identified in paragraph 7.1 above that is reasonably believed by the Depository to be preferred by the Party. Instruments of ratification or acceptance in respect of an amendment shall be deposited with the Depository. An amendment adopted in accordance with paragraph 7.1 above shall enter into force for those Parties having ratified or accepted it on the ninetieth day after the date of receipt by the Depository of an instrument of ratification or acceptance by at least three fourths of the Parties.

52.3 An adopted amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depository its instrument of ratification, acceptance or accession with respect to the amendment.

B. Relationship to the Convention

Proposal 1

[53. Parties shall bear in mind that the Conference of the Parties, as the supreme body of the Convention, must also keep under regular review the implementation of any related legal instruments, such as this Protocol.

53.1 With a view to avoiding duplication, overlap and conflicts between the institutional structures and mechanisms and procedures established or defined by the Convention and those established or defined by the Protocol, the Parties to the Protocol may seek guidance on these matters from the Conference of the Parties.

53.2 Except as otherwise provided in this Protocol, the provisions of the Convention relating to its protocols shall apply to this Protocol.]

(To be taken up in conjunction with other parts of the draft)

Proposal 2

[54. New commitments of the Parties adopted under the instrument do not cancel, reconsider or prolong commitments adopted by Annex I Parties for the period before 2000 (see Article 4.2(a) and (b) of the Convention).]

Proposal 3

[55. The protocol/another legal instrument is a supplement to, and is an integral part of, the Convention.]

C. Adoption and amendment of annexes⁴

Proposal 1

56. Annexes to the Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Protocol constitutes at the same time a reference to any annexes thereto. Without prejudice to the provisions of Articles [such annexes other than those adopted together with the Protocol shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.]

56.1 Any Party may make proposals for an annex to the Protocol and may propose amendments to annexes to the Protocol.

56.2 Proposals for an annex to the Protocol and [save as provided in paragraph 11.6 below] for amendments to annexes to the Protocol shall be adopted at a session of the Conference of the Parties. The text of any proposed annex to the Protocol shall be communicated to the Parties by the secretariat at least three months before the session at which it is proposed for adoption. The secretariat shall also communicate any proposed annex to the Protocol or any amendment to an annex to the Protocol to the signatories to the Protocol and, for information, to the Depositary.

⁴ If required

56.3 The Parties shall make every effort to reach agreement on any proposed annex to the Protocol or amendment to an annex to the Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment shall as a last resort be adopted by a [two-thirds]/[three-fourths]/[double two-thirds ...] majority vote of the Parties present and voting at the meeting. The adopted annex or amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

56.4 An annex that has been adopted or amended in accordance with paragraphs 11.2 and 11.3 above shall enter into force for all Parties to the Protocol six months after the date of the communication by the Depositary to such Parties of the adoption or amendment of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment. The annex or amendment shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

56.5 If the adoption of an annex or an amendment to an annex involves an amendment to the Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to the Protocol enters into force.

[56.6 Proposals for amendments to annex[es] ... to the Protocol shall be adopted and enter into force in accordance with the procedure laid down in Article... [paras 6.2 - 6.5]]

56.7 For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.

Proposal 2

57. Elaboration of any annexes dealing with lists in Annexes I and II to the Convention, and any other listings of the Parties shall be in accordance with Article 4.2(f) and 4.2(g) of the Convention, taking into account Article 4.2(d) of the Convention.

Proposal 3

58. Any Party to the Convention may propose annexes to this Protocol, and amendments to annexes to this Protocol. For purposes of Article 17.5 of the Convention, the phrase "Decisions under any Protocol" shall not be interpreted or applied to include adoption of an annex to this Protocol nor amendment to any such annex. The authority to adopt any of the foregoing is vested in the Conference of the Parties.

58.1 Annexes to this Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to this Protocol constitutes at the same time a reference to any annexes thereto. Such annexes shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.

58.2 Annexes to this Protocol and amendments to such annexes shall be adopted in accordance with the procedures set forth in paragraphs 1 and 2 (*see paragraphs 7 and 7.1*). Entry into force of annexes to this Protocol and of amendments to such annexes shall be subject to the same procedure and requirements for entry into force of amendments to this Protocol that are set forth in paragraphs 3 and 4 (*see paragraphs 7.2 and 7.3*) provided that if the adoption of an annex or an amendment to an annex involves an amendment to this Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to this Protocol enters into force.

D. Right to vote

Proposal 1

59. The provisions of Article 18 of the Convention shall apply *mutatis mutandis* to this Protocol.

Proposal 2

60. Each Party to the Protocol shall have one vote, except as provided for in paragraph 2.1 below.

60.1 Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States that are Parties to the Protocol. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

[E. Relationship to other agreements]

[61. The instrument shall not derogate from the rights and obligations of Parties under existing international agreements and, in particular, shall not derogate from the provisions of the Agreement Establishing the World Trade Organization (WTO) or affect the rights and obligations of Members of the WTO.]

F. Depositary

62. The provisions of Article 19 of the Convention shall apply [*mutatis mutandis*] to this Protocol.

G. Signature

Proposal 1

63. The Protocol shall be open for signature at Kyoto by Parties to the Convention during the third Conference of the Parties to the Convention, and thereafter at United Nations Headquarters in New York from _ to _.

Proposal 2

64. This Protocol shall be open for signature by States and by regional economic integration organizations in ... on ... , in ... from ... to ... , and at United Nations Headquarters from ... to ...

Proposal 3

[65. This Protocol shall be open for signature by Parties to the Convention at Kyoto [during the third Conference of the Parties to the Convention] on [12 December 1997], in Tokyo [at the Ministry of Foreign Affairs of Japan] from [13 December 1997] to [31 December 1997] and at United Nations Headquarters in New York from [1 January 1998 to 11 December 1998]].

[H. Provisional application

66. Any signatory to the Protocol may notify the Depositary that it intends to apply this Protocol provisionally prior to the entry into force of the Protocol for it.]

I. Ratification, acceptance, approval or accession

Proposal 1

67. The Protocol shall be subject to ratification, acceptance, approval or accession by States and by regional economic integration organizations which are Parties to the Convention. It shall be open for accession from the day after the date on which the Protocol is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.

67.1 Any regional economic integration organization which becomes a Party to the Protocol without any of its member States being a Party shall be bound by all the obligations under the Protocol. In the case of such organizations, one or more of whose member States is a Party to the Protocol, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under the Protocol. In such cases, the organization and the member States shall not be entitled to exercise rights under the Protocol concurrently.

67.2 In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by the Protocol. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

[Proposal 2

68. The instrument shall be subject to ratification, acceptance, approval or accession by States and by regional economic integration organizations which are parties to the Convention, subject to the conditions set out in Article 8 (*see paragraph 111.3*). It shall be open for accession from the day after the date on which the instrument is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.]

J. Entry into force

Proposal 1

69. The Protocol shall enter into force on the ninetieth day after the date of deposit of the [thirtieth] [twentieth] [_] instrument of ratification, acceptance, approval or accession.

69.1 For each State or regional economic integration organization which ratifies, accepts or approves the Protocol or accedes thereto after the [deposit of the instrument of ratification, acceptance, approval or accession/fulfillment of the requirements of paragraph 70 above] the Protocol shall enter into force on the ninetieth day after the date of deposit by such State or regional economic integration organization of its instrument of ratification, acceptance, approval or accession.

69.2 For the purposes of paragraphs 70 and 70.1 above, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

[Proposal 2

70. This Protocol shall enter into force on the ninetieth day after the date of the deposit of the [fiftieth] instrument of ratification, acceptance, approval or accession by a Party to the Convention, or the date of the deposit by which the total aggregate emissions for 1990 of [carbon dioxide] [greenhouse gases] of the Parties who have deposited instruments exceed [three-fourths] of the total aggregate emissions of [carbon dioxide] [greenhouse gases] of [Parties listed in Annex I to the Convention] [all Parties of the Convention] for 1990, whichever shall be the later.⁵

70.1 For each Party which ratifies, accepts or approves this Protocol or accedes thereto after the date of entry into force of the Protocol, the Protocol shall enter into force on the ninetieth day after the date of deposit of its instrument of ratification, acceptance, approval or accession].

[Proposal 3

71. This instrument shall enter into force on the ninetieth day after ratification, acceptance or accession of all Annex I Parties and on the ninetieth day after implementation of all Annex I Party commitments under the Convention].

⁵ [Need to establish baseline for 1990 data].

[K. Reservations

72. No reservations may be made to this Protocol].

L. Withdrawal

Proposal 1

73. The provisions of Article 25, paragraphs 1 and 2, of the Convention relating to withdrawal shall apply *mutatis mutandis* to this Protocol.

73.1 Any Party which withdraws from the Convention shall, [pursuant to Article 25 of the Convention], be considered as also having withdrawn, from this Protocol.

Proposal 2

74. At any time after [three years] from the date on which the Protocol has entered into force for a Party, that Party may withdraw from the Protocol by giving written notification to the Depositary.

74.1 Any such withdrawal shall take effect upon expiry of [one year] from the date of receipt by the Depositary of the notification of withdrawal or on such later date as may be specified in the notification of withdrawal.

74.2 Any Party which withdraws from the Convention shall, [pursuant to Article 25 of the Convention], be considered as also having withdrawn from this Protocol.

[74.3 The withdrawal by an Annex _ Party from this Protocol shall not operate to limit its liability for any claim that may have accrued against it pursuant to Article _ (*on economic injuries sustained by developing countries*) prior to the effective date of such withdrawal.]

M. Authentic texts

75. The original of this Protocol, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

- - - - -

**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.

SBSTA DOCUMENTS



Adopted August 5 4:30pm.



Distr. LIMITED

FCCC/SBSTA/1997/L.4
3 August 1997

Original: ENGLISH

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Sixth session
Bonn, 28 July - 5 August 1997

REPORT OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE ON THE WORK OF ITS SIXTH SESSION, BONN, 28 JULY - 5 AUGUST 1997

Draft report by the Rapporteur, including proposal for conclusions by the Chairman

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. OPENING OF THE SESSION (Agenda item 1)	xx	xx
II. ORGANIZATIONAL MATTERS (Agenda item 2)	xx	xx
A. Adoption of the agenda	xx	xx
B. Election of officers other than the Chairman	xx	xx
C. Organization of the work of the session	xx	xx
D. Preparation by the SBSTA for the third session of the Conference of the Parties (COP 3)	xx	xx
E. Attendance	xx	xx
F. Documentation	xx	xx

III. DIVISION OF LABOUR BETWEEN THE SBSTA AND THE SUBSIDIARY BODY FOR IMPLEMENTATION (SBI) (Agenda item 3)	XX	XX
IV. METHODOLOGICAL ISSUES (Agenda item 4)	XX	XX
A. Programme of work	XX	XX
B. Methodological issues related to joint implementation .	XX	XX
V. COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS .. (Agenda item 5)	XX	XX
VI. NATIONAL COMMUNICATIONS (Agenda item 6)	XX	XX
A. Communications from Parties included in Annex 1 to the Convention	XX	XX
B. Communications from Parties not included in Annex 1 to the Convention	XX	XX
VII. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES (Agenda item 7)	XX	XX
VIII. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE (Agenda item 8)	XX	XX
IX. REPORT ON THE SESSION (Agenda item 9)	XX	XX

Annex

Draft decision for COP 3	XX	XX
--------------------------------	----	----

I. OPENING OF THE SESSION

(Agenda item 1)

1. The sixth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) was held at the Maritim Hotel, Bonn, from 28 July to 5 August 1997.
2. The Chairman of the SBSTA, Mr. Tibor Faragó, opened the session on 28 July 1997. He welcomed all delegates and observers from non-parties, United Nations bodies and organizations, and intergovernmental and non-governmental organizations and wished the participants a successful session.
3. The Executive Secretary welcomed the participants, in particular the new Parties to the Convention, provided information on the preparation for the sessions, and reviewed the planning for the third session of the Conference of the Parties (COP 3). He urged that each subsidiary body at this and the next sessions should, to the extent possible, aim at producing draft decisions recommended by it for adoption by the COP without further discussion. He urged the SBSTA and Subsidiary Body of Implementation (SBI) to minimize requests for new documentation for their October sessions.
4. The Executive Secretary expressed concern at the pace of submission of national communications, noting that only six Annex I Parties had met the deadline, and that so far, only half of the communications due, had been received. Two communications had been received so far from non-Annex I Parties. He recalled that communications were the basic commitment of all Parties and that their lack would inhibit the ability of the Parties to assess the need for future action to advance implementation and to strengthen the Convention.

Int. wk. **II. ORGANIZATIONAL MATTERS**
(Agenda item 2)

A. Adoption of the agenda
(Agenda item 2 (a))

5. At its 1st meeting, on 28 July 1997, the SBSTA considered the provisional agenda contained in document FCCC/SBSTA/1997/5.
6. Statements were made by representatives of three Parties,
7. At its 1st meeting, on 28 July, the SBSTA adopted the following agenda, in which the former agenda item 9 (Methodological issues related to joint implementation) was shifted to become a sub-item under agenda item 4.
 1. Opening of the session.

2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Election of officers other than the Chairman;
 - (c) Organization of the work of the session;
 - (d) Preparation by the SBSTA for the third session of the Conference of the Parties (COP 3).
3. Division of Labour between the SBSTA and the Subsidiary Body for Implementation (SBI).
4. Methodological issues.
 - (a) Programme of work
 - (b) Methodological issues related to joint implementation.
5. Cooperation with relevant international organizations.
6. National communications:
 - (a) Communications from Parties included in Annex I to the Convention;
 - (b) Communications from Parties not included in Annex I to the Convention.
7. Development and transfer of technologies.
8. Activities implemented jointly under the pilot phase.
9. Report on the session

B. Election of officers other than the Chairman
(Agenda item 2 (b))

8. At its 1st meeting, on 28 July, the SBSTA considered the sub-item on the election of officers other than the Chairman.

9. At the same meeting, the Chairman informed the SBSTA of the informal consultations with the representatives of regional groups during the sixth session of the AD HOC Group on the Berlin Mandate (AGBM) and of the agreement reached on the election of officers other than the Chairman. Subsequently, the SBSTA elected Mr. S. Sok Appadu (Mauritius) and Mr. Alvaro J. Rodriguez (Colombia) as Vice-Chairman and Rapporteur respectively.

C. Organization of the work of the session

(Agenda item 2 (c))

10. At its 1st meeting, on 28 July, the SBSTA considered the sub-item on the organization of the work of the session.

11. The Chairman recalled that services for formal meetings with interpretation would be available in the morning, from 10 a.m. to 1 p.m., and in the afternoon, from 3 p.m. to 6 p.m. on 28 and 30 July, and in the afternoon only on 5 August 1997.

12. The Chairman reminded the SBSTA that the Bureau of the Conference of the Parties (COP) had decided previously to continue its policy of allowing representatives of non-governmental organizations access to the conference room floor before and after the meetings, but not during the meetings.

13. The Chairman informed the SBSTA that it was his intention, as during the previous session of the SBSTA, to invoke the flexibility accorded by the Bureau of the COP to the Chairman of each subsidiary body to grant representatives of non-governmental organizations, access to the floor, as observers.

14. The Chairman also informed the SBSTA that the applications of two intergovernmental and 10 non-governmental organizations had been screened by the secretariat on the basis of the provisions of Article 7.6 of the Convention and in accordance with the procedures established by the COP for the admission of organizations as observers. The SBSTA agreed to grant access to these organizations for the current session of the SBSTA, pending formal action on their accreditation by the COP at its third session. These organizations are indicated in the lists of attendance.

15. In view of this meeting of the SBSTA/Intergovernmental Panel on Climate Change (IPCC) Joint Working Group planned for 29 July 1997, and on a proposal by the Chairman, it was agreed to consider item 5 of the agenda on co-operation with relevant international organizations on Wednesday, 30 July 1997. It was further agreed that agenda item 8 on activities implemented jointly be considered on Monday, 28 July 1997.

**D. Preparation by the SBSTA for the third session of the
Conference of the Parties (COP 3)**

(Agenda item 2 (d))

16. The Chairman reiterated the need that the SBSTA should prepare at this and the seventh session, recommendations on the issues on the SBSTA agenda, that the COP would need to address at its third session. He hoped, in particular, that the SBSTA, jointly with the SBI, could already at this session, agree on a draft decision regarding the division of labour between these bodies.

E. Attendance

17. The lists of attendance at the sixth session of the SBSTA are given in document FCCC/1997/... and FCCC/1997/...

F. Documentation

18. The documents prepared for the sixth session of the SBSTA, as well as other documents which were made available, are listed in annex ...

✓ **III. DIVISION OF LABOUR BETWEEN THE SBSTA AND THE
SUBSIDIARY BODY FOR IMPLEMENTATION (SBI)**

(Agenda item 3)

1. Proceedings

19. At its 1st meeting, on 28 July, the SBSTA considered the item on the division of labour between the SBSTA and the SBI. It had before it a document prepared by the secretariat (FCCC/SB/1997/2).

20. On a proposal of its Chairman, endorsed by the Chairman of the SBI, the SBSTA set up an informal contact group to conduct consultations on the division of labour between the SBSTA and the SBI. This group was invited to prepare draft conclusions on the division of labour for adoption by the SBSTA and the SBI, including a draft decision for adoption by the COP at its third session.

21. Statements were made by representatives of -- Parties, ...

2. Conclusion

22. At its 5th meeting, on 5 August, having considered a proposal by the Chairman, the SBSTA adopted the following conclusion:

(a) At their sixth sessions, the SBI and the SBSTA both decided to recommend a draft decision for adoption by the COP at its third session. The text of this decision is included in the report of the sixth session of the SBI under item 3.

✓ IV. METHODOLOGICAL ISSUES (Agenda item 4)

A. Programme of work (Agenda item 4 (a))

1. Proceedings

23. At its first meeting, on 28 July 1997, the SBSTA had before it documents related to methodologies, namely FCCC/SB/1997/INF.2, FCCC/SBI/1997/10 and FCCC/SBI/1997/INF.1. Having considered a proposal made by the Chairman, the SBSTA established an informal consultative group under the Co-Chairmanship of the Vice-Chairman of the SBSTA and a delegate. The group met on five occasions and considered priorities on methodological issues, including the implications for the biennium budget of the United Nations Framework Convention on Climate Change (UNFCCC). On the basis of their recommendations, the SBSTA adopted the following conclusions:

24. Statements were made by representatives of ---- Parties, ...

2. Conclusions

25. Regarding the work of other international organizations, the SBSTA:

(a) Welcomed the plans of the IPCC to assess methodologies in the literature that are relevant to all the clusters, namely inventories, projection, mitigation, impacts and adaptation, and socio-economic cost-benefit analysis, as part of the Third Assessment Report (TAR). It also noted that such information could contribute to the work of other international organizations, the SBSTA and other bodies of the Convention;

(b) Noted with appreciation the close collaboration between the IPCC and the secretariat, particularly in the work on inventories of GHG emissions, and strongly supported the future work programme of the IPCC, the Organization for Economic Co-operation and Development and the International Energy Agency (OECD/IEA) on this topic. It requested the IPCC/OECD/IEA in its work on inventories to consider accelerating its task on uncertainties, so that the results could be taken into consideration by the SBSTA;

(c) Noted and strongly supported the work programmes identified in FCCC/SB/1997/INF.2 and conducted by other international organizations, in particular the United Nations Environment Programme (UNEP/RISO) on assessing mitigation measures and policies, the United Nations Industrial Development Organization (UNIDO) on methods for assessing industrial mitigation technologies and UNEP on methods for assessing impacts of climate change; and

(d) Invited the above international organizations to continue to provide information on their work to the SBSTA.

26. Regarding the work programme to be conducted by the secretariat in the next biennium, the SBSTA:

(a) Decided that the highest priority should be given to activities related to the application of the methods for GHG inventories and high priority be given to projections of GHG emissions and sinks; and

(b) Decided that priority should also be given to methods for evaluating and monitoring the effectiveness and effects of specific policies and measures and for assessing adaptation strategies and technologies.

27. On the basis of the above, the SBSTA urged the SBI to give consideration to the indicative budget, reflecting priorities for methodological work, proposed in the following table in establishing a UNFCCC budget for the next biennium.

**TABLE: INDICATIVE BUDGET FOR THE
METHODOLOGICAL WORK PROGRAMME OF THE UNFCCC**

Methodological Activity (Cluster/task)	Resources recommended by the SBSTA for the programme budget 1998-1999 k (USD)/WY
A. Inventorying GHG emissions and sinks	873 6.0
B. Projections of GHG emissions and sinks	333 2.0
C. Mitigation	
Evaluating and monitoring the effectiveness and effects of specific policies and measures	135 1.0
D. Impacts and adaptation	
Assessing adaptation strategies and technologies	135 1.0
Experts from non-Annex I Parties	90
Total resources (including WY)	1566* 10.0

*This includes estimates for consultants (134,000 USD in 1998, 134,000 USD in 1999)
and travel (52,000 USD in 1998, 57,000 USD in 1999)

28. The SBSTA urged the secretariat, in carrying out the work programme on methodologies, to co-operate closely with the IPCC and other international organizations.

29. The SBSTA noted the important need to ensure the participation of experts from Parties, in particular non-Annex I Parties, bearing in mind the need for relevant regional balance and examples given in Article 4.8 of the Convention. It noted that the Trust Fund for supplementary activities could be utilized to support the participation of additional experts, from eligible Parties. It urged Parties to provide adequate funding for these activities.

30. The SBSTA requested the secretariat to report on progress on its work programme on methodologies.

31. At the next session, the SBSTA will begin consideration of the appropriate ways to provide terms of reference of expert contributions and the review of technical documents to be produced, in accordance with the work programme on methodologies.

32. The SBSTA requested Parties to provide initial comments by January 20, 1998 to the secretariat on the priority areas and options for work on projections, for compilation into a miscellaneous document, and consideration at the eighth session of the SBSTA.

✓ FCCC/SBSTA/1997/L.4 The SBSTA considered the item under English Meth. Issues. Following explanation of various views, Page 10 ^{III} The SBSTA concluded to defer this issue, for consideration at a future session.

B. Methodological issues related to joint implementation

(Agenda item 4 (b)) • US not concluded but this is reference. [to be completed] • proposal by Philippines we can consider.

✓ **V. COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS**

(Agenda item 5) • urge to adopt as proposed.

1. Proceedings

33. At its 3rd meeting, on 30 July, the SBSTA considered the item on co-operation with relevant international organizations. It had before it document FCCC/SBSTA/1997/MISC.4.

34. Statements were made by representatives of the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (IOC/UNESCO), the Scientific and Technical Advisory Panel of the Global Environment Facility (GEF/STAP), the World Meteorological Organization (WMO), and UNEP.

35. The Chairman of the SBSTA provided a report on the meeting of the Joint Working Group (JWG) of officers of the UNFCCC and the IPCC, which took place on 29 July 1997.

36. The Chairman and the Chairman-elect of the IPCC made statements and also responded to questions.

37. Statements were made by representatives of --- Parties, ...

2. Conclusions

38. At its 3rd meeting, on 30 July, in response to the above mentioned statements, and upon the proposal of the Chairman, the SBSTA:

(a) Noted with appreciation the information provided by the IOC of UNESCO, the STAP of GEF, WMO, and UNEP on the progress of programmes carried out by their respective organizations and other organizations involved in the Climate Agenda;

(b) Also noted with appreciation the information provided by the Chairman and the Chairman-elect of the IPCC, particularly regarding the TAR, and noted with satisfaction the regional emphasis and the further involvement of experts from developing countries. It invited Parties to submit additional information on key policy issues, particularly regarding the synthesis report, to the secretariat before 20 January 1998, to be compiled into a miscellaneous document;

(c) Requested the secretariat to organize, together with the IPCC, an informal meeting at the next session of the SBSTA to discuss key issues to be addressed in the TAR;

39. The SBSTA called upon Parties to work through other relevant organizations, including the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO), to address climate change issues in their deliberations and request these organizations to provide reports on their work to future sessions of the SBSTA;

40. The SBSTA further requested the above mentioned organizations to continue their valuable work in support of the Convention process.

✓
VI. NATIONAL COMMUNICATIONS

(Agenda item 6)

A. Communications from Parties included in Annex I to the Convention

(Agenda item 6 (a))

1. Proceedings

41. At its 2nd meeting, on 28 July, the SBSTA considered the sub-item on communications from Parties included in Annex I to the Convention. It had before it document FCCC/SB/1997/5 and FCCC/SB/1997/6.

42. Statements were made by representatives of --Parties, ... *H2bis The report on the outcome of the SBI informal workshop on updated info from the national communication from Annex I Part 2. Conclusion contained inter alia, references to methodological issues.*

43. The SBSTA took note of the documents prepared by the secretariat under this agenda item and endorsed the proposal from the Chairman that these documents are to be considered by the SBI, in accordance with the proposed division of labour between the SBI and the SBSTA. *43 bis The SBSTA further took note of the methodological issues outlined in the report on the informal workshop on Annex I communications held in conjunction with the present session of the SBI.*

B. Communications from Parties not included in Annex I to the Convention

(Agenda item 6 (b))

1. Proceedings

44. At its 2nd meeting, on 28 July, the SBSTA considered the sub-item on communications from Parties not included in Annex I to the Convention. It had before it documents FCCC/SBI/1997/9 and FCC/SBI/1997/13. The SBSTA decided to refer this sub-item to the SBI for its consideration.

45. Statements were made by representatives of Parties, ...

[to be completed]

✓ **VII. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES**

(Agenda item 7)

1. Proceedings

46. At its 3rd and 4th meetings, on 30 July, respectively, the SBSTA considered the item on development and transfer of technologies. It had before it three documents prepared by the secretariat, FCCC/SB/1997/3, FCCC/SB/1997/4 and FCCC/TP/1997/1.

47. Statements were made by representatives of twelve Parties, including one speaking on behalf of the European Community and its member States, one speaking on behalf of the Group of 77 and China and another speaking on behalf of the African Group.

2. Conclusions

48. At its 5th meeting, on 5 August, the SBSTA agreed to the following conclusions.

49. The SBSTA took note with appreciation of the progress reports prepared by the secretariat, and the technical report with information on trends of financial flows and terms and conditions employed by multilateral lending institutions.

* 50. The SBSTA also expressed appreciation for the information on adaptation technology and information centers and networks, and encouraged the secretariat to complete the reports on these subjects for the next session of the SBSTA.

* 51. The SBSTA supported the secretariat's plans to prepare reports on the role of the private sector, and on barriers and enabling activities of governments related to the transfer of technology.

52. The SBSTA encouraged the secretariat to extend its co-operation with other organizations such as the World Bank and the OECD, with the aim of, *inter alia*, improving the availability of climate relevant data. In this context, it noted that the Development Assistance Committee (DAC) of the OECD is co-operating with the United Nations Convention on Biological Diversity (UNCBD) in order to introduce a specific biodiversity "marker" in their statistics and considered the need for similar information regarding climate change projects.

53. The SBSTA discussed the subject of inter-governmental technical advisory panels (ITAPs). It noted that the secretariat has been requested to prepare a report on its experience

in using the roster of experts. It recalled that the subject of ITAPs, including their possible establishment, would be considered by the SBSTA at its seventh session and requested Parties to send any new ideas on ITAPs to the secretariat by 31 August 1997.

54. The SBSTA welcomed that the secretariat had made use of the roster in three expert meetings on technology and technology transfer issues and recalled its request to Parties which have not yet done so, to nominate experts for the roster, bearing in mind the need for experts with a background in economic and financial aspects of the transfer of technology.

last wk ✓ **VIII. ACTIVITIES IMPLEMENTED JOINTLY
UNDER THE PILOT PHASE**
(Agenda item 8)

1. Proceedings

55. At its 2nd meeting, on 28 July, the SBSTA considered the item on activities implemented jointly under the pilot phase. It had before it document FCCC/SBSTA/1997/INF.2.

56. Statements were made by representatives of --- Parties,

2. Conclusion

57. The SBSTA took note with appreciation of the information on activities implemented jointly contained in document FCCC/SBSTA/1997/INF.2 and of the ongoing work of the secretariat in this field.

last wk ✓ **IX. REPORT ON THE SESSION**
(Agenda item 9)

58. At its meeting, on 5 August, the SBSTA authorized the Rapporteur, under the guidance of the Chairman and with the assistance of the secretariat, to complete the report taking into account the discussions of the Group and the need for editorial adjustments.

[to be completed]

**Statement by Ian Pickard (United Kingdom) to SBSTA 6
on behalf of the Annex I Expert Group on the Framework Convention**

**METHODS FOR PRODUCING GHG EMISSION PROJECTIONS AND ESTIMATING EFFECTS
OF MEASURES**

Introduction

Mr Chairman, thank you for giving me the opportunity to address the group briefly. I would like to inform delegates of a project on methods for producing projections of national greenhouse gas emissions and estimating the effects of policies and measures which is being carried out by the Annex I Expert Group on the UNFCCC, with analytical support from the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA).

Aim

The aim of this project is to consider appropriate methods to project emissions and assess progress in the implementation of GHG commitments under the UNFCCC.

Analysis

Under this project, national experts will share information on the approaches they have used in preparing national communications, expanding on the information provided in national communications and in-depth reviews. Particular attention will be paid to the choice and application of appropriate methods for particular sectors and types of policy, the transparent communication of assumptions, approaches and results, and the treatment of uncertainty. The project will also include an evaluation of methods for ex-post verification of projections and effects of policies and measures. Areas will be identified where effort is needed to develop methods or build on national capacities for data gathering and analysis. The project is intended to complement work being carried out by the Convention Secretariat, this Subsidiary Body and the IPCC.

Product

The project's findings on approaches to projecting emissions and assessing the effects of policies and measures may be relevant to various aspects of the UNFCCC process:

- for preparing national communications;
- as background material to support the compilation and synthesis of national communications;
- for any future revision of guidelines for national communications; and
- as background material for in-depth reviews.

A report will be produced towards the end of 1997.

Future Reporting

The Annex I Expert Group will regularly update future sessions of the SBSTA on progress in this project.

SBI DOCUMENTS



Distr. LIMITED

FCCC/SBI/1997/L.2
5 August 1997

Original: ENGLISH

SUBSIDIARY BODY FOR IMPLEMENTATION

Sixth session

Bonn, 28 July - 5 August 1997

REPORT OF THE SUBSIDIARY BODY FOR IMPLEMENTATION ON THE WORK OF ITS SIXTH SESSION, BONN, 28 JULY - 5 AUGUST 1997

Draft report by the Rapporteur, Mrs. Patricia Iturregui (Peru)

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. OPENING OF THE SESSION	x	x
(Agenda item 1)		
II. ORGANIZATIONAL MATTERS	x	x
(Agenda item 2)		
A. Adoption of the agenda	x	x
B. Organization of the work of the session	x	x
C. Preparation by the SBI for the third session of	x	x
the Conference of the Parties (COP 3)		
D. Attendance	x	x
E. Documentation	x	x
III. DIVISION OF LABOUR BETWEEN THE SUBSIDIARY BODY FOR IMPLEMENTATION AND THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE	x	x
(Agenda item 3)		

	<u>Paragraphs</u>	<u>Page</u>
IV. NATIONAL COMMUNICATIONS:	x	x
(Agenda item 4)		
A. Communications from Parties included in Annex I to the Convention	x	x
B. Communications from Parties not included in Annex I to the Convention	x	x
V. FINANCIAL MECHANISM: REVIEW PROCESS	x	x
REFERRED TO IN DECISION 9/CP.1 (Agenda item 5)		
VI. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES (Agenda item 6)	x	x
VII. ADMINISTRATIVE AND FINANCIAL MATTERS:	x	x
(Agenda item 7)		
A. Programme budget for 1998-1999	x	x
B. Volume of documentation	x	x
VIII. ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: (Agenda item 8)	x	x
A. Arrangements for COP 3	x	x
B. Arrangements for COP 4	x	x
C. Calendar of meetings for 1997-1999	x	x
IX. MATTERS ARISING FROM THE UNITED NATIONS ... GENERAL ASSEMBLY: SPECIAL SESSION ON AGENDA 21 (Agenda item 9)	x	x
X. MECHANISMS FOR CONSULTATION WITH NON-GOVERNMENTAL ORGANIZATIONS (NGOs) (Agenda item 10)	x	x
XI. REPORT ON THE SESSION	x	x
(Agenda item 11)		

I. OPENING OF THE SESSION (Agenda item 1)

1. The sixth session of the Subsidiary Body for Implementation (hereinafter referred to as "the SBI") was held at the Hotel Maritim, Bonn, from 28 July to 5 August 1997.
2. The Chairman of the SBI, Mr. Mohamed M. Ould El Ghaouth, opened the session at the 1st meeting, on 28 July 1997. In welcoming the participants, he noted that the sixth session of the SBI would have to take definitive decisions on some issues if the SBI were to complete its workload by the October session.

II. ORGANIZATIONAL MATTERS (Agenda item 2)

A. Adoption of the agenda (Agenda item 2 (a))

3. At its 1st meeting, on 28 July, the SBI considered the provisional agenda contained in document FCCC/SBI/1997/7.
4. Statements were made by representatives of x Parties.
5. At its 1st meeting, on 28 July, the SBI adopted the following agenda:
 1. Opening of the session.
 2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of the work of the session;
 - (c) Preparation by the SBI for the third session of the Conference of the Parties (COP 3).
 3. Division of labour between the SBI and the Subsidiary Body for Scientific and Technological Advice (SBSTA).
 4. National communications:
 - (a) Communications from Parties included in Annex I to the Convention;
 - (b) Communications from Parties not included in Annex I to the Convention.

5. Financial mechanism: Review process referred to in decision 9/CP.1.
6. Development and transfer of technologies.
7. Administrative and financial matters:
 - (a) Programme budget for 1998-1999;
 - (b) Volume of documentation.
8. Arrangements for intergovernmental meetings:
 - (a) Arrangements for COP 3;
 - (b) Arrangements for COP 4;
 - (c) Calendar of meetings for 1997-1999.
9. Matters arising from the United Nations General Assembly: Special session on Agenda 21.
10. Mechanisms for consultation with non-governmental organizations (NGOs).
11. Report on the session.

B. Organization of the work of the session

(Agenda item 2 (b))

6. At its 1st meeting, on 28 July, the Chairman stated that services would be available from 10 a.m. to 1 p.m. and from 3 p.m. to 6 p.m. on the days allotted to the SBI. The SBI approved the organization of the work as presented by the Chairman. The Chairman also referred to the documentation before the sixth session, as mentioned in document FCCC/SBI/1997/7.

7. The SBI agreed to admit two new intergovernmental organizations and ten non-governmental organizations that had been screened by the secretariat, on the basis of the provisions in paragraph 6 of Article 7 of the Convention, without prejudice to the subsequent action by the COP.

C. Preparation by the SBI for the third session of the Conference of the Parties (COP 3)

(Agenda item 2 (c))

8. The Chairman invited delegates to prepare, to the extent possible, recommendations for appropriate decisions to be adopted by the COP at its third session, and recalled that this approach had already been taken in previous sessions.

D. Attendance

9. The lists of attendance at the sixth session of the SBI are given in document FCCC/SBI/1997/xx.

E. Documentation

10. The documents prepared for the sixth session of the SBI are listed in annex...

**III. DIVISION OF LABOUR BETWEEN THE SBI AND THE SUBSIDIARY BODY
FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA)**

(Agenda item 3)

1. Proceedings

11. At its 1st meeting, on 28 July, the SBI addressed the item on the division of labour between the SBI and the SBSTA. It had before it a document prepared by the secretariat (FCCC/SB/1997/2).

12. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusions

13. At its 5th meeting, on 5 August, having considered a proposal by the Chairman, the SBI adopted the following conclusions:

(a) At their sixth sessions, the SBI and the SBSTA both decided to recommend the following draft decision for adoption by the Conference of the Parties at its third session.

The Conference of the Parties,

1. *Recalling* Articles 9 and 10 of the United Nations Framework Convention on Climate Change,

2. *Recalling also* its decision at its second session that the division of labour between the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation be taken up by the Conference of the Parties at its 3rd session on the basis of recommendations made to it by the Chairmen of the two subsidiary bodies (FCCC/CP/1996/15/Add. 1, page 69),

3. *Having considered* the recommendations made by the Chairmen, through the conclusions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, as included in the reports of their sixth sessions, the Conference of the Parties at its 3rd session,
4. *Desiring* to further elaborate the division of labour between the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation,
5. *Decided that:*
6. The division of labour is governed by Articles 9 and 10 of the Convention, and by decisions 6/CP.1, and other relevant decisions of the Conference of the Parties.
7. As indicated in decision 6/CP.1, the role of the subsidiary bodies can be broadly characterized as follows:
 - (a) The Subsidiary Body for Scientific and Technological Advice will be the link between the scientific, technical and technological assessments and the information provided by competent international bodies, and the policy-oriented needs of the Conference of the Parties;
 - (b) The Subsidiary Body for Implementation will develop recommendations to assist the Conference of the Parties in its review and assessment of the implementation of the Convention and in the preparation and implementation of its decisions.
8. The consideration of issues which are pertinent to both bodies, should take place in a way which is efficient in the use of time during meetings, to avoid confusion, and to reduce the overall workload. Therefore, in general, one of the bodies will take the overall responsibility in considering an issue; requesting, if necessary, adequate and specific inputs from the other body. Where overall responsibility is not assigned, agendas should be organized to avoid the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation dealing with such issues in parallel sessions. On issues where this is not possible, consideration should be given to holding ad-hoc joint sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation. On this basis the provisions above are clarified as follows:

National communications from Parties

9. The Subsidiary Body for Implementation will have the overall responsibility for:
 - (a) Developing guidelines on the processes for consideration of national communications;

(b) Considering the information contained in national communications, other relevant documentation and compilation and synthesis reports, with a view to assisting the Conference of the Parties in undertaking its tasks under Article 7.2.(e).

10. In cooperation with the Subsidiary Body for Implementation, the Subsidiary Body for Scientific and Technological Advice will have responsibility for:

(a) Developing guidelines for the provision of comparable information, including all related methodological issues;

(b) Considering, upon the request of the Subsidiary Body for Implementation, as appropriate, national communications and other relevant documentation, such as technical papers, with the aim of, *inter alia*, verifying methodologies used and making recommendations on their refinement, preparing scientific assessments on the effects of measures taken in the implementation of the Convention, reviewing projections and their assumptions, and assessing comprehensiveness and effectiveness of mitigation and adaptation measures.

Development and transfer of technology

11. The Subsidiary Body for Implementation will, with input from the Subsidiary Body for Scientific and Technological Advice as appropriate, have responsibilities for assisting the Conference of the Parties in the assessment and review of the effective implementation of the Convention with respect to the development and transfer of technology.

12. As stipulated in the Convention, and as decided by the Conference of the Parties in decision 6/CP.1, the Subsidiary Body for Scientific and Technological Advice will have responsibility for providing advice on all scientific, technological and methodological aspects of the development and transfer of technology.

Consultations with non-governmental organizations

13. Taking into account the competence of each subsidiary body, the Subsidiary Body for Implementation will have overall responsibility for all policy questions and relevant inputs related to issues dealing with consultation with non-governmental organizations, as appropriate.

14. Should the Subsidiary Body for Scientific and Technological Advice or any other subsidiary body feel that non-governmental organizations could provide relevant input on an item being considered, that body could seek and consider such inputs.

15. Provisional accreditation related to individual non-governmental organizations will be the responsibility of the relevant body involved.

Activities implemented jointly

16. The Subsidiary Body for Scientific and Technological Advice will have the responsibility for:

(a) Developing the framework for reporting, including consideration of scientific, technical and methodological aspects of the reports;

(b) Preparing a synthesis report of activities for the Conference of the Parties.

17. The Subsidiary Body for Implementation will have the responsibility for:

(a) Assisting the Conference of the Parties with reviewing the progress of the activities implemented jointly under the pilot phase, on the basis of inputs by the Subsidiary Body for Scientific and Technological Advice.

Research and systematic observation

18. In accordance with Article 5 of the Convention, the Subsidiary Body for Scientific and Technological Advice will have the overall responsibility for issues related to research and systematic observation, and where necessary, drawing upon the Subsidiary Body for Implementation. The Subsidiary Body for Scientific and Technological Advice shall also play a co-ordination role in such activities related to climate change relevant to the implementation of the Convention.

19. The Subsidiary Body for Implementation, with input from the Subsidiary Body for Scientific and Technological Advice as appropriate, will have the responsibility for assisting the Conference of the Parties in the assessment and review of the effective implementation of the Convention, with respect to research and systematic observation.

Education, training and public awareness

20. In further clarification to decision 6/CP.1, the Subsidiary Body for Scientific and Technological Advice will have the overall responsibility in providing advice on educational, training, and public awareness programmes, and public access to information. When considering such issues, the Subsidiary Body for Scientific and Technological Advice will draw upon, *inter alia*, relevant international organizations.

21. The Subsidiary Body for Implementation, with input from the Subsidiary Body for Scientific and Technological Advice as appropriate, will have responsibility for assisting the Conference of the Parties in the assessment and review of the effective implementation of the Convention with respect to education, training, and public awareness.

IV. NATIONAL COMMUNICATIONS

(Agenda item 4)

A. Communications from Parties included in Annex I to the Convention

(Agenda item 4 (a))

1. Proceedings

14. At its 4th meeting, on 30 July, the SBI addressed the sub-item on national communications from Parties included in Annex I to the Convention. It had before it four documents presented by the secretariat (FCCC/SB/1997/5, FCCC/SB/1997/6, FCCC/IDR.1/DEU, FCCC/IDR.1(SUM)/DEU).

15. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusions

16. At its 4th meeting, on 30 July, having considered a proposal by the Chairman, the SBI adopted the following conclusions:

(a) The SBI took note of the report of the secretariat on the progress made in the process of review of the first national communications from Annex I Parties. The SBI requested the secretariat to prepare a report on the experiences with the review process of the first national communications, for consideration at the next session of the SBI.

(b) The SBI urged Annex I Parties which have not yet submitted their second national communication to do so as soon as possible.

(c) The SBI urged all Annex I Parties to submit their views on the schedule of in-depth reviews of the second national communications no later than 25 August and requested the secretariat to prepare the final schedule for consideration at the next session of the SBI.

(d) The SBI expressed its gratitude to the Parties and intergovernmental organizations which made available their experts for participation in in-depth reviews and

encouraged Parties, especially developing country Parties, to continue nominating experts for the in-depth reviews, in particular Parties that recently acceded to the Convention.

(e) The SBI took note of the report on the informal workshop on Annex I communications held in conjunction with the present session of the SBI.

B. Communications from Parties not included in Annex I to the Convention

(Agenda item 4 (b))

1. Proceedings

17. At its 2nd and 5th meetings, on 29 July and 5 August respectively, the SBI addressed the sub-item on national communications from Parties not included in Annex I to the Convention. It had before it four documents presented by the secretariat (FCCC/SBI/1997/9, FCCC/SBI/1997/13, FCCC/SBI/1997/MISC. 4, FCCC/SBI/1997/MISC. 5).

18. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

19. At its 5th meeting on 5 August, having considered a proposal by the Chairman, the SBI adopted the following conclusion:

[To be replaced by text contained in relevant adopted conclusion.]

V. FINANCIAL MECHANISM: REVIEW PROCESS REFERRED TO IN DECISION 9/CP.1

(Agenda item 5)

1. Proceedings

20. At its 2nd and 3rd meetings, on 29 July, the SBI addressed the sub-item on the financial mechanism: review process referred to in decision 9/CP.1. It had before it two documents presented by the secretariat (FCCC/SBI/1997/8, FCCC/SBI/1997/MISC. 3).

21. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusions

22. At its 5th meeting, on 5 August, having considered a proposal from the Chairman, the SBI adopted the following conclusions:

(a) The SBI, taking into account the views expressed on this agenda item and the draft decision proposed by the Chairman, decided to defer further consideration of this item to its next session.

(b) The SBI urged all Parties to submit their views on the financial mechanism in accordance with the guidelines for its review no later than 8 September 1997 and requested the secretariat to prepare a miscellaneous compilation of these views for consideration at its seventh session. *15 September*

(c) The SBI invited the Global Environment Facility, in providing information relevant to the review, to take into account the views expressed by the Parties. *See CP.3*

VI. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

(Agenda item 6)

1. Proceedings

23. At its 4th meeting, on 30 July, the SBI addressed the item on development and transfer of technologies. It had before it three documents presented by the secretariat (FCCC/SB/1997/3, FCCC/SB/1997/4, FCCC/TP/1997/1).

24. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

25. At its 4th meeting, on 30 July, the SBI, on a proposal by the Chairman, decided to refer this item to the SBSTA for its consideration.

VII. ADMINISTRATIVE AND FINANCIAL MATTERS
(Agenda item 7)

A. Programme budget for 1998 - 1999
(Agenda item 7 (a))

1. Proceedings

26. At its 1st and 5th meetings, on 28 July and 5 August respectively, the SBI addressed the sub-item on administrative and financial matters: programme budget for 1998-1999. It had before it three documents presented by the secretariat (FCCC/SBI/1997/10, FCCC/SBI/1997/INF. 1, FCCC/SBI/1997/INF. 2). In presenting these documents at the first meeting, the Executive Secretary also drew attention to delays in contributions to the core budget and to the recurrent shortage of money in the trust fund for participation. He stated the intention by the secretariat to link eligibility for the latter with the state of payments by Parties to the former.

27. Statements were made by the representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusions

28. At its 5th meeting on 5 August, having considered a proposal by the Chairman, the SBI adopted the following conclusions:

(a) The SBI recommended for adoption by the COP the following budget decision which would require finalization at the Conference with respect to the contingencies indicated therein:

The Conference of the Parties,

1. *Recalling* paragraph 4 of the financial procedures for the Conference of the Parties,

2. *Having considered* the proposed budget for the biennium 1998-1999 submitted by the Executive Secretary (FCCC/SBI/1997/10),

3. *Noting* the annual contribution of the host Government, DM 1.5 million, which offsets planned expenditures,

4. *Approves* the programme budget for the biennium 1998-1999, amounting to [\$X], for the purposes specified in the table contained in annex I to this decision;

5. *Approves* the staffing table for the programme budget, including the post of the Executive Secretary at the level of Assistant Secretary General and two other senior posts at the level of D-2, as contained in annex II to this decision;
6. *Approves* a contingency budget for conference servicing, amounting to US\$ 5,184,900, to be added to the programme budget for the coming biennium in the event that the General Assembly of the United Nations decides not to provide resources for these activities in the regular United Nations budget for 1998-1999 (see annex III to this decision);
7. [*Decides* to incorporate in the programme budget for the biennium 1998-1999 approved under paragraph 4 above and the staffing table approved under paragraph 5 above, the resources for a post-Kyoto intergovernmental process contingent upon the decision by the Conference of the Parties at its 3rd session to that effect, and as agreed by the Subsidiary Body for Implementation at its sixth session, amounting to US\$ 840,400 (see annex IV to this decision);]
8. *Requests* the Executive Secretary to report to the Subsidiary Body for Implementation at its first session in 1998 on the implementation of paragraph 6 above;
9. *Authorizes* the Executive Secretary to make transfers, between each of the main appropriation lines set out in annex I, up to an aggregate limit of 15 per cent of total estimated expenditure for those appropriation lines, provided that a further limitation of up to minus 25 per cent of each such appropriation line shall apply;
10. *Decides* to maintain the level of the working capital reserve at 8.3 per cent of the estimated expenditure;
11. *Invites* all Parties to the Convention to note that contributions to the core budget are due on 1 January of each year in accordance with paragraph 8(b) of the financial procedures and to pay promptly and in full, for each of the years 1998 and 1999, the contributions required to finance expenditures approved under paragraph 4 [and 7] of this decision, as offset by estimated contributions noted under paragraph 3 herein, and the contributions which may result from the decision of the General Assembly referred to in paragraph 6 above;
12. *Takes note* of the funding estimates for the Trust Fund for Participation in the United Nations Framework Convention on Climate Change Process and the Trust Fund for Supplementary Activities under the United Nations Framework Convention on Climate Change specified by the Executive Secretary and included in annex V to this note, and invites Parties to make contributions to these funds;
13. *Requests* the Executive Secretary to report to the Conference of the Parties at its next session on income and budget performance, and to propose any adjustments that might be needed in the Convention budget for 1998-1999.

29. The SBI, in consequence of the above:

(a) Authorizes the Executive Secretary to notify the Parties by 1 October 1997 of their contributions to the core budget by 1 January 1998 on the basis of the budget recommended to COP and the contingencies included in paragraphs 6 and 7 of the above draft decision and on the basis of the existing indicative scale of contributions (decision 15/CP.1, paragraph 7 (a) and annex II of that decision) to be subsequently adapted to reflect any changes agreed upon by the General Assembly in the United Nations scale of assessments; and

(b) Invites the President of the COP to communicate to the Secretary-General of the United Nations the recommended level of remuneration of the post of Executive Secretary so that an appointment to that post may be made for a period beginning 1 January 1998.

*Ex Sec - 3 deadline
25 Dec 6 A-1 NatCom
8 Sept 10y "
15 " 12 Meet "*

B. Volume of documentation
(Agenda item 7 (b))

*re Annexes to decisions
involves translation
more does not require
translation*

1. Proceedings

30. At its 1st and 4th meetings, on 28 and 30 July respectively, the SBI addressed the sub-item on administrative and financial matters: volume of documentation. It had before it a document presented by the secretariat (FCCC/SBI/1997/12).

31. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

32. At its 4th meeting on 30 July, having considered a proposal by the Chairman, the SBI adopted the following conclusion:

(a) At its sixth session, the SBI decided to recommend the following draft decision for adoption by the Conference of the Parties at its third session:

The Conference of the Parties,

1. *Recalling* its decision 17CP.2, paragraph 2, whereby it requested the Executive Secretary to submit to the Subsidiary Body for Implementation, at its fifth session further options for reducing the cost of documentation for the meetings of the Conference of the Parties and its subsidiary bodies;

2. *Takes note* of the efforts of the Convention secretariat to reduce the volume of documentation, as indicated in paragraphs 9 and 10 of document FCCC/SBI/1997/12 on volume of documentation;
3. *Requests* the Executive Secretary to explore with the United Nations, the possibility of ensuring unlimited access to all language versions of the documents of the United Nations Framework Convention on Climate Change that the United Nations makes available on its optical disk system on a restricted page on the World Wide Web.
4. *Invites* the Parties:
 - (a) To limit the volume of their submissions for circulation to Convention bodies, including those that do not require translation;
 - (b) To focus the content of submissions on material pertinent to the forthcoming sessions of the subsidiary bodies and to seek to avoid repetition of previously presented statements;
 - (c) To limit their requests for numbers of hard copies of documents;
 - (d) To limit the requests for documents that need to be translated; and
 - (e) To schedule the delivery of documents in a timely manner that corresponds to the capacity of the Convention bodies to consider them.
5. *Notes* the intention of the Executive Secretary to advise presiding officers on the feasibility of producing in a timely manner, the documentation envisaged in the conclusions of subsidiary bodies, before those conclusions are adopted.

VIII. ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (Agenda item 8)

A. Arrangements for COP 3 (Agenda item 8 (a))

1. Proceedings

33. At its 3rd, 4th and 5th meetings, on 29 and 30 July and 5 August respectively, the SBI addressed the sub-item on arrangements for intergovernmental meetings: arrangements for COP3. It had before it a document presented by the secretariat (FCCC/SBI/1997/11).

34. Statements were made by the representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

[To be replaced by text contained in relevant adopted conclusion.]

B. Arrangements for COP 4

(Agenda item 8 (b))

1. Proceedings

35. At its 3rd, 4th and 5th meetings, on 29 and 30 July and 5 August respectively, the SBI addressed the sub-item on arrangements for intergovernmental meetings: arrangements for COP 4. It had before it a document presented by the secretariat (FCCC/SBI/1997/11).

36. Statements were made by the representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

[To be replaced by text contained in relevant adopted conclusion.]

C. Calendar of meetings for 1997-1999

(Agenda 8(c))

1. Proceedings

37. At its 3rd, 4th and 5th meetings, on 29 and 30 July and 5th August respectively, the SBI addressed the sub-item on arrangements for intergovernmental meetings: calendar of meetings for 1997-1999. It had before it a document presented by the secretariat (FCCC/SBI/1997/11).

38. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

[To be replaced by text contained in relevant adopted conclusion.]

**IX. MATTERS ARISING FROM THE UNITED NATIONS GENERAL ASSEMBLY:
SPECIAL SESSION ON AGENDA 21**
(Agenda item 9)

1. Proceedings

39. At its 4th meeting, on 30 July, the SBI addressed the item on matters arising from the United Nations General Assembly: special session on Agenda 21. The secretariat made available an extract from the conclusions.

40. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusion

41. At its 4th meeting on 30 July, having considered a proposal by the Chairman, the SBI took note of the information provided by the secretariat.

**X. MECHANISMS FOR CONSULTATION WITH NON-GOVERNMENTAL
ORGANIZATIONS (NGOs)**
(Agenda item 10)

1. Proceedings

42. At its 4th meeting, on 30 July, the SBI addressed the item on mechanisms for consultation with non-governmental organizations (NGOs). It had before it three documents presented by the secretariat (FCCC/SBI/1997/14, FCCC/SBI/1997/14/Add. 1, FCCC/SBI/1997/MISC. 6).

43. Statements were made by representatives of x Parties, including x speaking on behalf of the European Community and its member States and x speaking on behalf of the Group of 77 and China.

2. Conclusions

44. At its 4th meeting on 30 July, having considered a proposal by the Chairman, the SBI adopted the following conclusions:

(a) The SBI took note of documents FCCC/SBI/1997/14 and FCCC/SBI/1997/14/Add.1 presented by the secretariat on agenda item 10 "Mechanisms for consultations with non-governmental organizations".

(b) After having considered this item, and taking into account views expressed at its sixth session, the SBI urged all Parties to submit their views on this item no later than 25 August for its consideration at its seventh session.

(c) The SBI decided to consider this issue at its seventh session.

XI. REPORT ON THE SESSION

(Agenda item 11)

45. The SBI requested the Rapporteur, with the guidance of the Chairman and the assistance of the secretariat, to complete the report on the session taking into account the discussions during the session and the need for editorial adjustments.

46. The Chairman, after thanking all participants for their co-operation throughout the meeting, declared the sixth session of the SBI closed.

Report on the SBI Informal Workshop
“Updated information from the national communications of Annex I Parties”
Sixth session of the SBI, 31 July 1997

Chairman: Mr Alvaro Rodriguez Gómez

Rapporteur: Mr Donal Enright

The workshop had a representative participation by delegates from Annex I Parties, non-Annex I Parties and non-governmental organisations. A fruitful discussion developed from the four presentations made by the secretariat on:

- National inventories: actual trends between 1990-1995
- Methodological issues arising from submitted inventories
- Projections to 2000 and 2020
- Policies and measures and their specific effects.

In relation to inventories between 1990 and 1995, it is now clear that the reporting of inventories has improved in the light of the decisions of the COP on reporting requirements, with a clearer picture of emissions now emerging. However, it was acknowledged that the presentation and analysis of the data would be more informative and complete if more second national communications were available. The main conclusion of the presentation was that greenhouse gas emissions for most Parties have increased, apart from Parties with economies in transition, all of which show a decrease. The analysis shows that CO₂ emissions from the transport sector are increasing significantly, emissions of N₂O are decreasing and those of CH₄ are also decreasing, but to a lesser extent. Inventories of HFCs, PFCs, and SF₆ were reported on a mandatory basis for the first time and thus are not as complete as for other gases; it is therefore too early to identify clear trends.

Projections to 2000 have been more thoroughly prepared than previously and are now of a higher quality, although differences in methodologies used and underlying assumptions, mean that comparisons across Parties are not feasible. For the majority of Parties and in respect of the greatest proportion of emissions, the trend in CO₂ emissions and greenhouse gases generally in the period to 2000 is upwards. Projections of HFCs are upwards, PFCs downwards and SF₆ projections are generally upward.

Both the trends in emissions and projections appear to indicate that additional efforts might well be needed in the case of a number of Annex I Parties to achieve a return to 1990 levels of emissions.

The preliminary analysis of the second national communications by the secretariat, identified some methodological issues related to the recalculation of base-year inventories, changes in the global warming potentials (GWP) values used, information required to ensure the transparency of inventories and the reporting of HFCs, PFCs, and SF₆. There are other methodological problems not addressed at this stage; they will be considered in the further analysis. These issues, if not given proper methodological guidance, could have important policy implications for legally

binding targets, and there is a need to ensure a balance between ongoing improvements in methodologies and the provision of data on the one hand and comparability between Parties on the other.

It was stressed by some delegates that there is a need for consistency and comparability when recalculating inventories for the base and subsequent years. Data gaps, particularly the absence of base year activity data, is an added problem. For others, difficulties arise from changing GWP values since 1990. It was also noted that significant differences can arise depending on the treatment of changes in carbon removal by way of rate of percentage change or change in total stock in the sink and that full methodologies are still being developed for land-use change and forestry emissions and sinks. Participants identified particular difficulties arising from the development of inventories of HFCs, PFCs and SF₆, referring to the significant differences between actual and potential emissions.

As regards the effects of policies and measures, it has become evident that Annex I Parties have significant difficulties in the quantification of particular policies and measures in the tabular format requested by the decision 9/CP.2 of the COP 2, with the result that the information is not as complete as anticipated. It was noted that the quantification of some actions is relatively easily undertaken, and that inherent difficulties attach to others. Methodologies for estimating the projections of effects of specific measures appear insufficient to allow for the different stages of implementation of actions which range from fully implemented to those still at a conceptual stage.

The presentations made at the workshop and the discussion amongst the participants are a stage in the development of a compilation and synthesis report on second national communications from Annex I Parties. The secretariat plans to have the additional information in time for the next session of the subsidiary bodies and it is expected that this work will serve as useful background information in the framework of the AGBM negotiations.

CHAIRMAN'S DRAFT CONCLUSIONS

NATIONAL COMMUNICATIONS

4(a) Communications from Parties included in Annex I to the Convention

Draft conclusions:

1. The SBI took note of the report of the secretariat on the progress made in the process of review of the first national communications from Annex I Parties. The SBI requested the secretariat to prepare a report on the experiences with the review process of the first national communications for consideration at the next session of the SBI.
2. The SBI urged Annex I Parties which have not yet submitted their second national communication to do so as soon as possible.
3. The SBI urged all Annex I Parties to submit their views on the schedule of in-depth reviews of the second national communications no later than 25 August and requested the secretariat to prepare the final schedule for consideration at the next session of the SBI.
4. The SBI expressed its gratitude to the Parties and intergovernmental organizations which made available their experts for participation in in-depth reviews and encouraged Parties, especially developing country Parties and, to continue nominating experts for the in-depth reviews, in particular Parties that recently acceded to the Convention .
5. The SBI took note of the report on the informal workshop on Annex I communications held in conjunction with the present session of the SBI.

NATIONAL COMMUNICATIONS

**Communications from Parties included in Annex I to the Convention
(Agenda 4 (a))**

Additional draft conclusions by the Chairman

1. The Subsidiary Body for Implementation (SBI) expressed concern at the late submission of communications by many Annex I Parties and urged those Parties which have not yet submitted their second national communications to do so as soon as possible.
2. The SBI requested the secretariat to submit, at its next session, a report on progress achieved so far in returning (individually or jointly) to their 1990 levels anthropogenic emissions of CO₂ and other greenhouse gases not controlled by the Montreal Protocol and projected emissions by sources and removals by sinks of such gases in the year 2000 by each Annex I Party, on the basis of its national communication.
3. The SBI requested Annex II Parties that have not already done so, to provide detailed information in accordance with Article 12.3 on financial resources and transfer of technology and know how, as also stated in paragraph 42 of the Annex to decision 9/CP.2.

(US) without prejudice to outcome of

SUBSIDIARY BODY FOR IMPLEMENTATION

Sixth session

Bonn, 28 July - 5 August 1997

FCCC/SBI/1997/CRP.4

4 August 1997

ENGLISH ONLY

NATIONAL COMMUNICATIONS

**Communications from Parties not included in Annex I to the Convention
(Agenda item 4 (b))**

Draft conclusions by the Chairman

1. The Subsidiary Body for Implementation (SBI) took note of the activities of the secretariat to facilitate technical and financial support for the preparation of national communications to non-Annex I Parties.
2. The SBI also took note of the views expressed by Parties on the preparation and consideration of communications from non-Annex I Parties and of the two draft decisions attached to this document on the consideration of initial communications from Parties not included in Annex I to the Convention.
3. The SBI invited Parties to submit further views on these matters by 8 September 1997 and requested the secretariat to compile these submissions. These will be made available at the next session of the SBI to facilitate consideration of a draft decision for submission to COP 3.

Annex

Draft Proposal by the Group of 77 and China Consideration of Initial Communications from Parties not Included in Annex I to the Convention

The Conference of the Parties.

Recalling Articles 12.1, 12.5, and 12.7 of the United Nations Framework Convention on Climate Change.

Recalling also its decisions 8/CP.1 and 10/CP.2 on first communications from Parties not included in Annex I to the Convention,

Noting that each developing country Party shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4.3 and that Parties that are least developed may make their submission at their discretion,

Recognizing that the initial communications from Parties not included in Annex I of the Convention shall be submitted in a staggered manner because of the different timing of the provision of funding from the interim financial mechanism,

Recognizing further that the initial communications from Parties not included in the Annex I of the Convention shall be considered on overall and aggregate basis in accordance with Article 10.2 (a).

1. *Decides* that the Conference of the Parties,

(a) Shall consider the overall aggregate effects of measures taken pursuant to the Convention, in accordance with Article 10.2 (a), taking into account Article 4.7 and information communicated under Article 12.3;

(b) Shall compile a list of projects for financing submitted by Parties not included in the Annex I of the Convention in accordance with Article 12.4;

(c) Shall seek funding from the financial mechanism in accordance with policy guidance, programme priorities and eligibility criteria provided under Decision 11/CP.1 and the guidance provided in Decision 11/CP.2, based on the list of projects submitted;

(d) Shall consider the communications from Parties not included in Annex I in a facilitative, non-confrontational, open, and transparent manner.

2. *Decides* also that the Subsidiary Body for Implementation,

(a) Shall conduct consideration of initial communications from non-Annex I Parties, on an annual or biennial basis, depending on the submission received in any particular year;

(b) Shall submit a synthesis report to the Conference of the Parties updating the overall aggregate effects of measures taken pursuant to the Convention, in accordance with Article 10.2 (a).

3. *Decides* further that the Subsidiary Body for Scientific and Technological Advice conduct scientific assessments of the overall aggregate effects of measures taken in accordance with Article 9.2 (b).

4. *Requests* the secretariat,

(a) Drawing on the experience on the overall aggregate compilation of initial communications of Parties not included in Annex I, to prepare a report on the guidelines for the preparation of initial communications with a view, among other things, to further enhancing the comparability and focus of the communications;

(b) To provide any other assistance that may be required by non-Annex I Parties for the periodic preparation of national communications, in accordance with Article 8.2 (c).

Draft Proposal by the United States of America
for a Decision on the Process for Consideration of Initial Communications
from Parties not included in Annex I

Recalling Articles 4.1, 7.2, 9.2 (b), (c), (d), 10.2(a), 12.1, 12.5, 12.7 of the United Nations Framework Convention on Climate Change:

Recalling also its Decisions 7/C.1, 3/C.2, 8/C.2, 10/C.2 and 11/C.2:

Recalling in particular, Article 12.5 which provides that each developing country Party shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4.3 and that Parties that are least developed may make their submission at their discretion:

Noting that the frequency of subsequent communications by all Parties, and the timing of the process of consideration of national communications will need to be determined by the Conference of the Parties, taking into account the differentiated timetable for the submission of national communications of Parties not included in Annex I;

Bearing in mind the importance of timely technical and financial support for the preparation of national communications;

1. *Requests* the Global Environment Facility to expedite approval and disbursement of financial resources for the preparation of initial communications.
2. *Decides*:
 - (a) That the information contained in initial communications of Parties not included in Annex I will be considered in a facilitative, non-confrontational and transparent manner to ensure that the Conference of Parties has accurate, consistent and relevant information:
 - (i) To assess the implementation of the Convention by the Parties and the overall effects of measures taken pursuant to the Convention;
 - (ii) To facilitate implementation of commitments under Article 4.1;
 - (iii) To promote and facilitate the exchange of information on Parties' experience in implementing commitments;
 - (iv) To promote and guide the development and refinement of methodologies and guidelines to enhance the accuracy, completeness and comparability of Parties' national communications;

- (v) To arrange for the provision of technical and financial support to developing country Parties in preparing national communications and in identifying the technical and financial needs associated with proposed projects and response measures under Article 4: and
 - (vi) To provide appropriate guidance to the Global Environment Facility on programme priorities and operational policies.
- (b) That the consideration of initial communications from Parties not included in Annex I will include the following tasks:
- (i) Assess quantitative and qualitative information for consistency with applicable guidelines adopted by Parties;
 - (ii) Assess the overall aggregated effects of steps taken to implement the Convention;
 - (iii) Identify the informational, technical and financial needs of Parties not included in Annex I related to implementation of commitments; and in particular those associated with proposed projects and response measures under Article 4:
 - (iv) Describe progress in implementation of the Convention;
 - (v) Aggregate information contained in national communications;
 - (vi) Prepare a report on the application of guidelines for the preparation of initial communications from Parties not included in Annex I with a view to further enhancing the accuracy, completeness, comparability and focus of national communications.

3. *Requests* the secretariat:

- (a) To facilitate the provision of assistance to non-Annex I Parties in the preparation of national communications;
- (b) To coordinate and facilitate the consideration of national communications of Parties not included in Annex I;
- (c) To select, under the guidance of the Chairs of the Subsidiary Bodies, the experts from names nominated by Parties to assist in this consideration process;
- (d) To compile and synthesize information contained in individual national communications part of the annual report on implementation;
- (e) To compile and make available to Parties, a compendium of projects and related information submitted by Parties not included in Annex I in accordance with Article 12.4;

- (f) To arrange and host regional workshop to provide for expert discussion of information contained in national communications, with a view to identifying and overcoming barriers to implementation, and identifying additional information and resource needs and means to address them;
 - (g) To note instances where in-country expert visits would be beneficial to promote greater understanding of a Party's specific national circumstances, inventory data or efforts to respond to climate change; and
 - (h) Upon request by a Party, to arrange for voluntary, in-country, expert visits for individual consideration of national communications.
4. *Invites* Parties to nominate experts to assist in the consideration of national communications.
 5. *Urges* Parties not included in Annex I of the Convention to submit their first national communications as soon as possible.



SUSIDIARY BODY FOR IMPLEMENTATION

Sixth session

Bonn, 28 July-5 August 1997

Agenda item 8 (a)

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

(Agenda item 8 (a))

Draft conclusions by the chairman

1. The Subsidiary Body for Implementation, at its sixth meeting, recalling conclusions adopted at its fifth session and on the basis of proposals presented by the Chairman as well as views expressed by delegations:

(a) Took note of the report by the secretariat on the progress made regarding arrangements for the Conference of the Parties at its third session (COP 3) and urged the Government of Japan and the secretariat to conclude expeditiously the arrangements for hosting the Conference;

(b) Requested the Executive Secretary and the President of the Bureau of the COP when finalizing the provisional agenda for COP 3 to take into account views expressed by delegations concerning the content and order of the provisional agenda;

cancel (b bis) with (c) 2.6

~~[(b bis) Requested that the Convention secretariat and the President of the Bureau of the COP make all necessary preparations for COP 3 to conduct the second review of the adequacy of Article 4.2, subparagraphs (a) and (b), and the review of Annexes I and II and required by Article 4.2, subparagraph (f).];~~

(c) Requested the Executive Secretary to proceed with the organizational preparations for COP 3, in particular, the organization of work on the basis of the proposals contained in section (II) (c) of document FCCC/SBI/1997/11, seeking advice from the Bureau as needed and taking into account views and comments expressed by delegations during the current session.

(d) Invited the President of COP 2 to start consultations with a view to advising the newly-elected President of COP 3 on the election of the other members of the Bureau and the Chairman of the Committee of the Whole.

(to conclude its work & adopt decisions)

(e) Recommended the holding of a High Level Segment of Ministers and other Heads of Delegations at COP 3 from 8 to 10 December to promote decision-making and noted that it should be open to participation by Ministers and other Heads of Delegations in all its meetings, accompanied by senior advisers (as necessary). *CA2*

~~[(f) Noted that the President of the COP at its third session will consider arrangements to promote informal dialogue among Ministers and other Heads of Delegations and to enable them to receive possible contributions from partner agencies and non-governmental organizations.]~~

(g) Agreed to conduct a preliminary exchange of views at the next session of SBI on the proposed amendments to the Convention.

C-77 - 2 days for high level sufficient

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

Additional draft conclusions by the Chairman

**Arrangements for the Conference of the Parties at its third session (COP 3)
(Agenda item 8 (a))**

1. The Subsidiary Body for Implementation (SBI):

(bbis) Requested the Convention secretariat to make all necessary preparations for COP 3 to consider the second review of the adequacy of Article 4.2, subparagraphs (a) and (b), and that COP 3 place on the Agenda for COP 4 the second review of Article 4.2, subparagraphs (a) and (b), of the Convention.

(bter) Recommended that COP 3 undertake a review of available information, in accordance with Article 4.2 (f), with a view to taking decisions regarding amendments to the lists in Annexes I and II of the Convention.

**Arrangements for the Conference of the Parties at its fourth session (COP 4)
(Agenda item 8 (b))**

2. The SBI recommended that COP 4 should be held in November 1998; the venue would be Bonn, unless a proposal by a Party to host the Conference is received.

*Ex Sec - basis for organizing COP3 by process
of COP2*





SUBSIDIARY BODY FOR IMPLEMENTATION

Sixth session

Bonn, 28 July - 5 August 1997

Items 8 (b) and (c) of the provisional agenda

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

Draft conclusions by the Chairman

Arrangements for COP 4

(Agenda item 8 (b))

1. The Subsidiary Body for Implementation (SBI), noted that as at its sixth session no offer had been received to host the fourth session of the Conference of the Parties (COP 4).
2. The SBI took note of the comments expressed by the Parties on the date and venue for COP 4 and decided to recommend the draft decision contained in the annex for adoption by COP 3.
3. The SBI invited any Party considering making an offer to host COP 4 to communicate such proposal to the secretariat before 30 September 1997 so that the secretariat can take it into account in its planning for the Conference.

Calendar of meetings for 1998 - 1999

(Agenda item 8 (c))

4. The SBI took note of the calendar of meetings for 1998 - 1999 proposed by the secretariat which will be kept under review by the Bureau of the COP.

Annex

At its sixth session, the SBI decided to recommend the following draft decision for adoption by the Conference of the Parties at its third session.

The Conference of the Parties,

1. *Recalling* Articles 7.4 and 4.2 (d) and (f) of the Convention,
2. *Decides* that [COP 4 should be held in November 1998]/[COP 4 should take place in early 1999] in Bonn unless a proposal is received from a Party to host the Conference; and
3. *Requests* the Executive Secretary to initiate the preparations for the Conference.

Replaced by
8(b) 2

30 July, 18:45

CHAIRMAN'S DRAFT CONCLUSIONS
MECHANISMS FOR CONSULTATIONS WITH NON-GOVERNMENTAL
ORGANIZATIONS

(10): Mechanisms for consultations with non-governmental organizations

Draft conclusions:

1. The SBI took note of documents FCCC/SBI/1997/14 and FCCC/SBI/1997/14/Add.1 prepared by the secretariat on agenda item 10 "Mechanisms for consultations with non-governmental organizations".
2. After having considered this item and taking into account the views expressed at its sixth session, the SBI urged all Parties to submit their views on this item no later than 25 August for its consideration at its seventh session.
3. The SBI decided to consider and adopt at its seventh session a draft decision on this item for adoption by the Conference of the Parties at its third session.

FINAL

tenne
form

version of 30 July, 1997, 8 p.m.
next meeting on 31 July 1997, 4-6 p.m., Room Arndt

DRAFT DECISION -- /COP.3

✓ At its sixth session, the SBI and the SBSTA jointly decided to recommend the following draft decision for adoption by the Conference of the Parties at its third session.

✓ Division of labour between the SBSTA and the SBI

The Cop. at its 3rd session,
1. ✓ Recalling Articles 9 and 10 of the United Nations Framework Convention on Climate Change.

2. ✓ Recalling its decision at its second session that the division of labour between the SBSTA and the SBI be taken up by COP.3 on the basis of recommendations made to it by the Chairmen of the two subsidiary bodies (FCCC/CP/1996/15/Add. 1, page 69).

3. ✓ Having considered the recommendations made by the Chairmen, through the conclusions of SBSTA and SBI, as included in the reports of their sixth sessions, COP.3 decides to further elaborate the division of labour between the SBSTA and the SBI, as given below.

✓ General approach

1. ✓ A. The division of labour is governed by Articles 9 and 10 of the Convention, and by decisions 6/CP.1, and other relevant decisions of the Conference of the Parties.

2. ✓ B. As indicated in decision 6/CP.1, the role of the subsidiary bodies can be broadly characterized as follows:

- (a) The SBSTA will be the link between the scientific, technical and technological assessments and the information provided by competent international bodies, and the policy-oriented needs of the Conference of the Parties;
- (b) The SBI will develop recommendations to assist the Conference of the Parties in its review and assessment of the implementation of the Convention and in the preparation and implementation of its decisions.

3. ✓ C. The consideration of issues which are pertinent to both bodies, should take place in a way which is efficient in the use of time during meetings, to avoid confusion,

and to reduce the overall workload. Therefore, in general, one of the bodies will take the overall responsibility in considering an issue; requesting, if necessary, adequate and specific inputs from the other body. Where overall responsibility is not assigned, agendas should be organized to avoid SBSTA and SBI dealing with such issues in parallel sessions. On issues where this is not possible consideration should be given to holding ad-hoc joint sessions of SBSTA and SBI. On this basis the provisions above are clarified as follows: ✓

✓ National communications from Parties

4 7. The SBI will have the overall responsibility for:

(a) Developing guidelines on the processes for consideration of national communications;

(b) Considering the information contained in national communications, other relevant documentation and compilation and synthesis reports, with a view to assisting the COP in evaluating the extent to which progress towards the objectives of the Convention is being achieved ✓

undertaking its tasks under Article 7/2(c).

5 8. In cooperation with the SBI, the SBSTA will have responsibility for:

(a) Developing guidelines for the provision of comparable information, including all related methodological issues;

(b) Considering, upon the request of the SBI, as appropriate, national communications and other relevant documentation, such as technical papers, with the aim of, *inter alia*, verifying methodologies used and making recommendations on their refinement, preparing scientific assessments on the effects of measures taken in the implementation of the Convention, reviewing projections and their assumptions, and assessing comprehensiveness and effectiveness of mitigation and adaptation measures.

Development and transfer of technology

✓ 6 9. The SBI will, with input from the SBSTA as appropriate, will have responsibilities for assisting the Conference of the Parties in the assessment and review of the effective implementation of the Convention with respect to the development and transfer of technology.

7 10. As stipulated in the Convention, and as decided by the Conference of the Parties in decision 6/CP.1, the SBSTA will have responsibility for providing advice on all scientific, technological and methodological aspects of the development and transfer of technology.

*unofficial
SBI*

✓ Consultations with non-governmental organizations (NGO)

8.11. Taking into account the competence of each subsidiary body, the SBI will have overall responsibility for all policy questions and relevant inputs related to issues dealing with NGO-consultations, as appropriate.

9.12. Should the SBSTA or any other subsidiary body feel that NGOs could provide relevant input on an item being considered, that body could seek and consider such inputs.

10.13. Issues involving ^{provisional} accreditation related to individual NGOs will be the responsibility of the relevant body involved.

✓ Activities implemented jointly

11.14. The SBSTA will have the responsibility for:

- (a) Developing the framework for reporting, including consideration of scientific, technical and methodological aspects of the reports;
- (b) Preparing a synthesis report of activities for the COP.

12.15. The SBI will have the responsibility for ^{its reviews of} assisting the COP with any comprehensive review of the AII pilot phase, on the basis of inputs from the SBSTA.

Assisting the COP with its reviews of AII under the pilot phase, on the basis of inputs from the SBSTA

Assisting the COP in the preparation of...

AIJ
- secretariat to check

Research and systematic observation

13.16. ^{In accordance with} ~~According to~~ Article 5, the SBSTA will have the overall responsibility for issues related to research and systematic observation, where necessary, drawing upon the SBI. The SBSTA shall also play a coordination role in ^{such} ~~the~~ activities related to climate change relevant to the implementation of the Convention.

with input from the SBSTA as appropriate

The SBI will have the responsibility for assisting the COP in the assessment and review of the implementation of the Convention with respect to Education, training and public awareness.

14.17. The SBI will have the responsibility on those aspects related to financial and technical cooperation based on the Convention. ^{with input from the SBSTA as appropriate} ~~with respect to~~ ^{and review of} ~~with respect to~~ ET & PA ^{for the assessment of the COP in the assessment and}

15.18. ^{Further clarifying} ~~As decided in~~ 6/CP.1, the SBSTA will have ^{overall} ~~the~~ responsibility in ^{providing advice on} ~~the~~ development of educational and public awareness programmes, and public access to information, ~~as well as development of education and training programmes.~~

SBSTA

✓
12/16
move
will

When considering education, training and public awareness, the ~~SBI and the~~
~~SBSTA shall~~ draw upon, inter alia, relevant international organisations

AG13 DOCUMENTS

Annex III

Decision ... CP.3

Future work of the Ad Hoc Group on Article 13

At its fifth session, the Ad Hoc Group on Article 13 decided to recommend the following draft decision for adoption by the Conference of the Parties at its third session:

The Conference of the Parties,

Recalling Article 13 of the United Nations Framework Convention on Climate Change, and decisions 20/CP.1 and 4/CP.2,

Having considered the report of the Ad Hoc Group on Article 13 on the work of its fifth session (FCCC/AG 13/1997/4), in which the Group agreed on a set of functions and procedures that could serve as a basis for further discussion in its consideration of a multilateral consultative process and its design,

Takes note that the Group could not complete its work before the third session of the Conference of the Parties,

1. *Decides*, in accordance with its decision 4/CP.2, that the work of the Group should continue beyond the third session of the Conference of the Parties;
2. *Invites* the Group to complete its work before the fourth session of the Conference of the Parties and, in accordance with decision 20/CP.1, provide the Conference of the Parties with a final report.

*xx plenary meeting
xx December 1997*

CANADIAN INTERVENTIONS

AGBM 7
August 1, 1997
Bonn, Germany

CANADIAN INTERVENTION ON QELROs

Canada would like to comment on the items raised by the Chairman in the order that they were presented. However, first we would like to indicate our broad support for the concept of flexibility, as many of our positions return to this important concept.

Canada supports multi year baselines and targets.

We support the idea of best available scientific information, hence we support the use of GWPs of 100 years as established by the IPCC. We again want to emphasize our support for a comprehensive approach -- including all gases not covered by the Montreal Protocol and sinks.

Canada supports the concept of budgets. Finally we support an effective and transparent compliance regime. At this point, we are open to exploring different mechanisms and options.

IN RESPONSE TO QUESTION TO CANADA AND NEW ZEALAND ON WHAT YEARS WE WANT FOR MULTI-YEAR BASELINES.

Canada would first like to describe why we support multi year or average baselines. This permits smoothing of economic and weather fluctuations. One year is an arbitrary snapshot of a country. Others already have made some adjustments to their baselines to provide for averaging in their national communications already submitted.

On the question of the years, we do not have a specific block of years yet established as the basis of the multi-year baseline.

AGBM 7
August 4, 1997
Bonn, Germany

**INTERVENTION BY CANADA ON THE ELABORATION OF
POLICIES AND MEASURES**

Thank you Mr. Chairman. My delegation would also like to extend its congratulations on your appointment to chairing the non-group on Policies and Measures. Canada is committed towards playing a constructive role in these negotiations. My delegation believes that there is a useful role for Policies and Measures to play in these negotiations.

Canada's will continue to promote the principle that countries have full national flexibility in implementing those policies and measures that best suit their specific circumstances. That said, Canada also believes that a useful place can be found for Policies and Measures in an eventual Protocol or other legal agreement without compromising the principle of national flexibility. In that respect, Canada has submitted proposals for policies and measures in the five areas of testing/labelling of energy efficiency standards, transportation, public education, sustainable agriculture and investment profiles of multi-lateral development banks that could be considered. All measures proposed by Canada are focused on information sharing, underlying messages and voluntary arrangements. Canada will be willing to consider other Policies and Measures proposed by other Parties on the understanding that they will be evaluated according to the principles we have just laid out.

In summary, Mr. Chairman, my delegation believes that the most significant actions taken to meet Parties' targets will take place primarily within a national or regional context. In that respect, we will continue to support the position that Parties should have full flexibility in deciding the appropriate means to achieve targets and timetables. Secondly, Canada will continue to promote the concept that the framework for the elaboration of policies and measures in the agreement be evolutionary in nature, non-intrusive and measured through reporting. Finally, the Policies and Measures included in an eventual agreement should provide some added value. They could play a useful role in sharing and gathering information, and increasing transparency among Parties, without duplicating work in other fora. Also, underlying messages to other appropriate institutions could work to create additional momentum for action.

Thank you Mr. Chairman.

AGBM 7
August 3, 1997
Bonn, Germany

**CANADIAN INTERVENTION WITH RESPECT TO SBSTA AGENDA ITEM 8,
ACTIVITIES IMPLEMENTED JOINTLY**

There are two issue which Canada would like to address under this agenda item.

Regarding the methodological issues related to Activities Implemented Jointly, Canada is pleased that the Secretariat has convened two very successful experts meetings on this issue -- one in Bonn where the initial advice was provided for the methodological advice, the second most recently, in Victoria Canada, which addressed the issue of baseline determination.

We believe that this workshop approach has been very helpful in supporting the Secretariat's work in this area.

Now that work has been started on the issue of baseline determination, it is our view that the next priority methodological issue which should be addressed is the issue of determination of the GHG emissions reduced or sequestered as a result of the AIJ project. We encourage this activity to be undertaken prior to the next session of SBSTA.

Another methodological issue which we believe deserves attention in a timely manner, is the question of how to reduce transaction costs associated with JI projects. Although the OECD has done some preliminary work in this area, we view it as an important issue in moving AIJ forward in a constructive manner and which may help address some non-Annex 1 country concerns with respect to capacity building.

The other issue I would like to raise is the program of work of SBSTA for the next session. As the Executive Secretary noted this morning, the Subsidiary Bodies will have to develop their draft conclusions and recommendations for COP 3, at our next session.

The work program of the Secretariat should include input for a concrete review of progress of the pilot phase at COP 3. Recall that the Conference of the Parties at the First Session by its decision 5/CP.1, took that decision that "the Conference of the Parties, shall, at its annual session, review progress of the pilot phase on the basis of the synthesis report with a view to taking appropriate decisions on the continuation of the pilot phase."

As such, we would request the Secretariat to prepare a synthesis report for its next session, in order for the COP to conduct its review, as mandated in the COP 1 decision.

Thank you Mr. Chairman

AGBM 7
August 3, 1997
Bonn, Germany

CANADIAN INTERVENTION ON NGO CONSULTATIONS TO THE SBI

- . My delegation would like to thank the Secretariat and the Executive Secretary for their work in developing such comprehensive documentation on this issue.
- . NGOs make a valuable contribution to the FCCC process in educating and broadening governments' thinking and comprehension of the climate change issue.
- . As we have noted before, Mr. Chairman, because of the importance which Canada places on this contribution of NGOs, we have extensive consultative processes in Canada. These are both formal and informal, and provide numerous opportunities for getting input from our interested NGOs as well as provincial and municipal governments, on international and domestic climate change issues.
- . For some time, Canada has also had representatives from ENGOs and industry on our official delegations.
- . We believe that this is an effective way for our domestic NGOs to contribute their views to the Canadian government.
- . That said, we recognize that there are concerns by some NGOs that enhanced input into the international climate change negotiating process is necessary.
- . Canada recognizes this. But we also recognize that the desire for enhanced NGO input has to be balanced by consideration of the financial pressures of resultant enhanced activities faced by the Secretariat and Annex 2 countries. It should also recognize the different role representative governments in these negotiations versus the role of NGOs.
- . Taking these considerations into mind, from Canada's perspective, the principal focus within the FCCC should be on improving existing processes and mechanisms, rather than creating new bodies, mechanisms or fora.
- . As such, we support cost effective initiatives, for example, allowing for written submissions by NGOs on upcoming agenda issues to the FCCC website. These could be compiled into a miscellaneous document.

- . Regarding the issue of NGO interventions. Canada recognizes that one intervention by each NGO constituency is not adequate. As such, there may be some scope to providing designated NGOs more interventions. However, we believe that these interventions should be limited, for example, by setting some specific fixed time during the SBSTA, SBI, AGBM and AG13 sessions' consideration of their work. This opportunity should also be provided to NGOs at COP 3.
- . As we move towards Kyoto, we will want to ensure that governments will have as much time as possible to represent the views of all their constituencies and citizens in these important international government negotiations.
- . In conclusion, the Secretariat has put a great deal of thought and preparation into the documents, there are many ideas being proposed and many questions raised.
- . These issues are too fundamental to the FCCC process to take quick decisions without careful consideration by the Parties. Many diverse views have been expressed today.
- . My delegation would like to recommend that the SBI request Parties to provide written comments after the conclusion of this session. A compilation or summary of submissions could then be prepared, taking into account Parties comments today and the written submissions, for consideration at the next SBI meeting.

AGBM 7
August 3, 1997
Bonn, Germany

CANADIAN INTERVENTION ON METHODOLOGIES

The Secretariat document is a useful start for setting out the work program for methodological work.

From Canada's perspective, we view Cluster A as the highest priority work as this is important for both current and future implementation of commitments.

We also want to emphasize the close linkages between the Budget process and the methodological tasks -- assessment of the program methodological work cannot be taken in isolation. As the US mentioned, there needs to be a clearer link established between the expected products from the methodological tasks we are discussing in SBSTA, and establishing the funding allocation under the Budget in the SBI.

In this context, we need to bear in mind the principle of fiscal responsibility. This means, from a Canadian perspective, avoiding duplication and the necessity of setting priorities.

On the issue of duplication of efforts, Canada supports the EU comments that the SBSTA avoid duplication of effort with IPCC work underway or planned.

Finally, Canada will also look forward to the discussion on AIJ/JI methodological issues relating to the former agenda item #9, relating to crediting under prospective joint implementation among interested Parties.

On JI crediting issue

Canada feels that the topic of modalities for crediting emissions reductions should be given a high priority within the list of methodological activities of the SBSTA in its work leading up to COP 3.

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

Implementation within Annex 1. Let us be clear - what we are pursuing is a trading regime amongst Annex 1 Parties only; that is between Parties with legally binding commitments to reduce/limit their net ghg emissions. Such a regime would allow for both project based market based joint transactions. In other words, one that would take into account countries' differing political, geographic and economic instruments.

Let me now turn to activities implemented jointly and joint implementation. As with trading, Canada views this as another important element of flexibility which answers the question of "where". It provides for significant opportunities for net ghg emissions reductions compatible with host country developmental and other priorities, in addition to being a cost-effective approach.

In Canada's view, Article 4.2 (a) is clear. It provides that JI projects can occur between developed country Parties and "other" Parties which we define as including non-Annex 1 Parties. Let me stress that this is a voluntary activity on the part of both participants - investor and the country where the investment is to occur. Experience with the AIJ pilot phase has shown that these activities can help with technology cooperation in addition to capacity building in developing countries. To conclude, Canada believes that there is a close link between emissions trading and joint implementation, and our discussions at Kyoto regarding QELROs.

We are of the view that actions to reduce emissions and enhance sinks, should be recognized and counted, whether they occur domestically or beyond our borders.

Thank you Mr. Chairman.

AGBM 7
August 3, 1997
Bonn, Germany

CANADIAN INTERVENTION ON CTI TASK FORCE 4

I'm speaking on behalf of the Task Leader, Martin Aubé, also of the Ministry of Natural Resources. Here is a brief update on Task 4, "Enhancing Markets for Emerging Technologies". There is no documentation.

After some delay, a letter was sent out in May '97, to CTI members. Although not strictly speaking a Work Plan, the letter was an effort to organize and structure the work in the task.

Of significance was a preliminary list of eight kinds of key barriers to the transfer of environmentally friendly technologies to developing countries. These included:

- lack of funding
- lack of knowledge of the benefits, reliability of these technologies
- lack of proven benefits of emerging technologies
- lack of environmental regulation in a host country

Another item in the letter sent out to CTI members in May was a recommendation for an update on the inventory, or list, of activities that each country undertakes to enhance markets for green technologies in developing countries or countries with economies in transition.

The Task Leader has recommended that, once there has been tabulated a list of barriers and existing activities to reduce these barriers, then there could be a discussion among Task Force 4 participants as to what could be done to respond to this information. This will help identify gaps to be filled.

The Task Leader asked for input to the list of barriers, and existing activities, so that the subsequent discussion could begin. I understand that there has as yet been very little response to this request, although a follow up letter was sent out.

The Task Leader, who unfortunately could not come to the Bonn meetings, asked for confirmation of expressions of interest from CTI delegates in this Task. He expressed a willingness, among other things, to explain further, in a two or three page note, his list of eight generic barriers if that would help countries submit their experiences. Such an explanation could be, if possible, attached to the record of this ad hoc group meeting. He recognizes that this Task is behind the progress of some of the others, but would nevertheless hope that there will be an expression of interest from as many countries as possible.

AGBM 7
August 3, 1997
Bonn, Germany

**CANADA'S INTERVENTION ON CONSIDERATION OF NATIONAL
COMMUNICATIONS FROM NON ANNEX1 PARTIES SBI JULY 1997**

Thank you, Mr. Chairman.

Canada would like to congratulate Argentina and London for their submissions on the national communications and we look forward to the submission from Mexico in the very near future.

Canada would also like to congratulate the secretariat for the excellent document elaborating on the activities with respect to information dissemination and training activities for the preparation of national communications.

Canada considers the national communications to be a critical tool in the implementation of the FCCC.

Mr. Chairman, we are somewhat concerned that so far only two Parties have made their submissions. We urge all parties to make the best efforts to accelerate preparation of their national communications.

With respect to the consideration of national communications:

- Canada continues to be supportive of establishing a process for consideration of national communications from non Annex1 parties. In our views, this is one way to advance developing and developed countries commitments under article 4-1.
- Canada supports a review process, which is transparent, based on guidelines for the preparation of non-Annex1 national communications, includes country visits by the review teams consisting of representatives both from Annex1 and non-Annex1 and takes advantage of the experience gained from the Annex1 Parties review process.
- With respect to GEF funding, we support the idea of GEF representatives being present at SBI sessions to answer LDC questions. In this regard, we commend GEF for its presentation yesterday. In addition, we believe that regional seminars to explain GEF's role as a funding mechanism to explore what is available for funding and how to apply for it could also prove to be useful.

SBI 7
July 29, 1997
Bonn, Germany

**INTERVENTION BY CANADA ON THE REVIEW OF
THE GLOBAL ENVIRONMENTAL FACILITY**

Thank you Mr Chairman. My delegation would like thank the Secretariat for its useful synthesis report on the review of the Global Environmental Facility. In our view this report shows a good rationale as to why the GEF should be confirmed as the operating entity of the financial mechanism. As the report bears out, while, like all institutions in starting out, it has experienced some growing pains, the GEF and its Implementing Agencies have demonstrated flexibility in responding to the evolving needs of the Parties to the FCCC. In this respect, we particularly note the efforts made to expedite the manner in which the GEF and its Implementing Agencies are approving and implementing activities related to the preparation of non-Annex 1 national communications. My delegation believes that it is critical that sustainable and predictable funding of national communications activities for non-Annex 1 Parties be established. We also believe that there is room for improvements in getting projects implemented sooner in other areas.

There are a number of conclusions and observations in the report that warrant special consideration. The observation, in paragraph 17, that commitments and disbursements for climate change vary among the Implementing Agencies, bears some further analysis. While the relative complexity of World Bank projects may play a role, we would agree with the recommendation that these differences among the Implementing Agencies warrant further analysis in the context of the GEF monitoring and evaluation program.

A second observation is to draw all Parties- attention to Paragraph 37 of the synthesis report. The information in this paragraph is an especially critical consideration in the review process - namely that while the GEF funding for climate change totalled some \$528 million (US), an impressive number in and of itself, that money was used to leverage an additional \$2.37 billion (US) for climate change related projects. My delegation would like to strongly recommend the GEF for its excellent and creative work in this area of private sector leveraging.

Finally, Mr. Chairman, I would be remiss were I not to point out that Canada believes that one of the more important functions that the GEF should pursue is the promotion of climate change considerations in the mainstream activities of relevant institutions, especially International Financial Institutions and Multilateral Development Banks. It is only through such an integrated approach that true sustainable development can be reached in these other bodies. In that respect, I would also wish to request the advice of the Chair as to how we can begin the process for the formal operationalization of Paragraph 2(a) of CP1/Decision 11. Thank you Mr. Chairman.

STATEMENTS AND OTHER INFORMATION

**SPEECH BY HIS EXCELLENCY, AMBASSADOR RAÚL ESTRADA-OYUELA
CHAIRMAN OF THE AD HOC GROUP ON THE BERLIN MANDATE (AGBM)
AT THE OPENING PLENARY SESSION**

10. 00 a.m. on 31 July 1997 at the MARITIM Hotel, BONN

Good morning, Distinguished Delegates,

I call to order the first meeting of the seventh session of the Ad Hoc Group on the Berlin Mandate (AGBM) and I welcome all of those who have had the courtesy to come to this meeting in Bonn this morning.

As we approach the meeting of the Conference of the Parties (COP) to be held in Kyoto, in December, despite the doubts, difficulties and problems which we shall have to resolve these few weeks ahead, I remain optimistic as to the results we shall achieve. I invite all of you to resume our tasks by sharing this optimism, although I am not naive and I am well aware of the risks we face.

The meeting of the Heads of State and Governments of the Group of 7 and the Russian Federation at Denver and the Special Session of the General Assembly of the United Nations, demonstrated interest in climate change problems which was not always evident at earlier meetings. We did not have such indications of interest at these levels when we begun our Sixth session here last March.

As we all know, our negotiations are taking place in the context of the Berlin Mandate and we have to adapt to that Mandate. We have heard voices which in one way or another criticised the scope of that Mandate. It is possible that it is not perfect, but it is the result of arduous negotiations, the final strand of which took place at Ministerial level, and it was adopted by the Conference of the Parties. We are not competent to modify it, nor should we distort its sense. We are called upon to comply with the Mandate rather than to reform it.

For those who seek to introduce innovations or additions outside the framework of the Mandate, it is worthwhile recalling the possibilities for progress in achieving the Convention's objective are not exhausted in this Ad Hoc Group. The Convention established a process which opens up many possibilities. Initiatives outside the Berlin Mandate can be submitted to the Conference of the Parties or to its subsidiary bodies. But negotiations in this Ad Hoc Group are an exercise restricted to the terms of the Berlin Mandate. This Mandate promotes strengthening of the commitments by Parties listed in Annex I to the Convention and clearly establishes that new obligations will not be imposed on developing countries. This decision was adopted in the face of evidence that developed countries, which committed themselves to assume the leadership role and to take actions to modify trends which lead to climate change, had not adopted the policies and measures to which they had committed themselves, in order to return emissions to 1990 levels by the year 2000. So as a group, they did not satisfy that commitment, although some individual countries are approaching achievement of that aim.

It is reasonable to predict that when the developed countries have shown by means of facts that they have decided to reduce their emissions and when conditions for the financial mechanism established by the Convention are finally appropriate to support the efforts of developing countries then, and at that time, they will be able gradually to assume a more active role in the undertaking which we have before us. In the meantime, the responsibility continues to be a matter for those who have greater financial and technological resources.

I think we are making progress on the definition of the rules to be incorporated in the Protocol. The consultations which I have held since our last meeting and in recent days confirm my optimism. The proposal to reduce greenhouse gas emissions set out by the European Union constitutes a positive step, although of course it does not resolve the entire issue. There is still clearly a need for precision as to the way in which the European Union and its Member States will assume these new responsibilities for reduction of emissions.

Along the lines set out in Article 22, paragraph 3 of the Convention, and this is by no means a simple point and we need to work on it, consultations with Parties whose economies are in a period of transition shows that many of them are in a position to reduce their emissions in the short term. As is noted in the Convention, it would probably also be useful within the terms of the Protocol to establish conditions which will make it possible for those States with economies in transition to comply with their reduction commitments with a certain amount of flexibility, but without creating artificial advantages which would affect the overall effort.

At the current state of negotiations, it might be said that apart from those groups, there are two governments whose definitions are the key to the success of the process. We are all awaiting those definitions in due course and I trust that they will indeed be produced because those two governments have good reasons to hope that the negotiating process will be completed entirely successfully. No one can assure us of a bed of roses and efforts will be needed to comply with the commitments which developed countries will assume under the Protocol.

World economics statistics show that developed countries as a group have grown over the years in which they increased their greenhouse gas emissions, despite the commitment they had entered into not to increase such emissions. The developed country which grew most draws attention to its own example as an economic model for others; but it is also the country which increased its emissions most. It could be said that this growth occurred without internalisation of costs, that is the growth occurred at the expense of future generations which is exactly what all governments condemned in Rio in 1992 and a few weeks ago in New York. Meanwhile, we are faced with a series of meteorological phenomena which are similar to those which would occur as a consequence of climate change.

We still do not have enough experience to draw conclusions, but the day before yesterday in my City of Buenos Aires, in the middle of winter, we recorded temperatures which would be considered high for summer to the surprise of all inhabitants who were looking forward to winter. I have heard of droughts and floods affecting all continents and tropical storms are increasing in number, frequency and area producing serious economic damage.

Those who object to the measures which have to be taken because they might reduce growth rates do not convince us. These measure would not prevent growth in developed countries which continue to grow. They would simply be growth at a slightly slower rate. It is not reasonable to seek to maintain by force the level of growth which is not sustainable and which may be the cause of damage seen today and the cause of much greater damage in the future.

Distinguished colleagues, may I invite you to begin our work with an open mind and with imagination, ready to find formulas for cooperation and compromise.



Fax TO OTTAWA → Ann MacKenzie
→ Gordon McBean
PNUE

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



**REPORT TO THE SEVENTH SESSION OF THE
AD-HOC GROUP ON THE BERLIN MANDATE**

Bonn, 31 July 1997

**BERT BOLIN
CHAIRMAN
INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE**

Thank you for the opportunity to address you once again. As you may recall, a number of issues related to the IPCC and to the Framework Convention on Climate Change were dealt with at the UN Special Session of the UN General Assembly held in New York this past June. The setting for COP-3 has changed somewhat as a result. What I wish to do now is to recall some of the remarks that I have made to earlier SBSTA sessions which may be particularly relevant to your work and elaborate on some of them.

You need concrete information that is relevant regarding expected future changes of climate and ways and means for adaptation to and mitigation of a human-induced climate change. I wish to supply such information and be as specific as possible. I will base my remarks strictly on the conclusions in the Second Assessment Report and the three technical papers (TP) that have already been completed in order not to step outside the IPCC mandate. For your information, an additional Technical Paper on "Implications of Proposed Carbon Dioxide Emissions Limitations" will be completed in September 1997. At that time, the IPCC Special Report on Regional Impacts of Climate Change will also become available.

Now, let me make my remarks on issues before you.

- The IPCC concluded in the SAR that "the balance of evidence suggests a discernible human influence on global climate". It was also pointed out that in the SAR "our ability to quantify the human influence on global climate is currently limited because the expected signal is still emerging from the noise of natural variability, ...". The full range of the climate sensitivity to changing radiative forcing should therefore be included in considerations of greenhouse warming.
- The radiative forcing due to the enhanced greenhouse gas concentrations so far (of about 2.45 W/m^2 in 1990) corresponds to an ultimate (equilibrium) change of the global mean temperature by 0.7-2.1 degrees C. However, two factors introduce delays in realizing this change:
 - i. The enhanced concentrations of aerosols that are due primarily to sulphur compounds, emitted when burning oil and coal, bring about a negative radiative forcing. This forcing is estimated to be $0.6-1.6 \text{ W/m}^2$, i.e., it presently counteracts 25-60% of the global forcing due to enhanced concentrations of greenhouse gases (cf. Technical Paper No. 3). It is important to bear in mind that this negative forcing is not evenly distributed over the earth.
 - ii. The inertia of the climate system which delays the realization of the net change of radiative forcing in terms of a climate change (e.g., global warming) by a few decades. The realized change is expected to be only 50-70% of the equilibrium temperature which would correspond to the enhanced net radiative forcing.

The net effect of these two circumstances implies that the observed changes are expected to be merely 20-55% of the equilibrium temperature changes, i.e., 0.2-1.1 degrees C. It is noteworthy that the observed change of the global mean temperature during the 20th century, 0.3-0.6 degrees C, falls within this range.

- The projections of expected future changes of radiative forcing and climate are summarized by the IPCC as follows: "For the mid-range IPCC emissions scenario IS92a assuming the "best estimate" value of climate sensitivity and including the effects of future increases of aerosols, models project an increase in global mean surface air temperature relative to 1990 of about 2 degrees C by 2100. This estimate is approximately one third lower than the "best estimate" made in 1990. This is due

primarily to lower emission scenarios, the inclusion of the cooling effect of sulphate aerosols and improvement of the carbon cycle". Further, global warming for the full ranges of IPCC emission scenarios and climate sensitivities was estimated to be in the range 1.0-3.5 degrees C by the year 2100.

It is, however, to be noted that the radiative forcing due to the enhanced greenhouse gas concentrations in the year 2100, in the case of the mid-range emission scenario, increases to 8.5 W/m². This would be reduced by about 2.5 W/m² due to aerosols, to yield a net positive radiative forcing of about 6 W/m² (cf. SAR, Volume I, Technical Summary). On this basis, the ultimate global equilibrium temperature change would be 2.0-6.5 degrees C (since pre-industrial times) and 3.5 degrees C for the mid-range IPCC emission scenario for the central value of climate sensitivity. This implies that the realized temperature in 2100, as estimated in the SAR, is considerably less than the ultimate global equilibrium temperature that would correspond to the enhanced greenhouse gas concentrations at that time. In addition, the countering effect of aerosols, included in the analysis above, would partly be gone with stabilization of carbon dioxide concentrations.

- Emissions by Annex I countries were 75% of the total emissions in 1985 and the IPCC First Assessment Report (1990) projected that this number would decrease to 66% by the year 2000. The most recent analysis of carbon dioxide emissions, made by the World Energy Council (WEC), shows that by 1996, Annex I countries were responsible for about 64% of the total carbon dioxide emissions (of which the former Soviet Union and Eastern Europe contributed about 14%), and that Non-Annex I countries therefore emitted the balance, about 36%. This somewhat more rapid decrease of the relative amount of emissions by Annex I countries is primarily due to the substantial decrease of emissions from former Soviet Union and East European countries during the 1990s. Most of the increase of the emissions today stem from Non-Annex I countries. The IS92 IPCC emissions scenarios, however, project that Non-Annex I countries would not increase their emissions to 50% of the total emissions in less than 15-20 years from now, assuming Annex I emissions were stabilized.
- On the other hand, as I pointed out in my presentation to SBSTA in February this year, stabilization of carbon dioxide in the long term necessarily requires efforts by all countries. How this is to be achieved is a matter for political judgement that means considering risks and costs, "taking into account the common but differentiated responsibilities" of the Parties. This is not a task of the IPCC.
- Technical Paper No. 3 elaborates the issues about greenhouse gas emissions and climate stabilization. Analyses show that stabilization of carbon dioxide concentrations at any level above 500 ppmv is likely to result in changes equivalent to at least a doubling of pre-industrial carbon dioxide concentrations (i.e. 560 ppmv), because of the forcing by other greenhouse gases.
- The lower the level of stabilization aimed for, the more stringent the measures would have to be to achieve stabilization. In order to stabilize at or below 550 ppmv, for example, the adoption of a global strategy needs to be given serious consideration now: the implementation needs to begin in the course of the first decades of the 21st century and a more precise time table needs to be agreed by the Parties of the Convention.
- The IPCC has brought together a large number of technologies, policies and measures for mitigating climate change into a Technical Paper (No. 1), which deserves careful study. It is striking how much can be achieved at no or limited cost, because many

policies and measures may be beneficial in other ways. Analyses of how to promote these so-called "no regret" policies and measures at national levels therefore are most essential.

- Efficient use of energy is the prime and most obvious short-term measure to be considered both by Annex I and Non-Annex I countries. Improvements beyond an overall annual rate of 0.5-1.0 % are unlikely to occur without deliberate efforts.
- The further development of non-carbon emitting energy sources and their introduction on the market necessarily will take longer time, since still much research, development and demonstration will be required.

I hope that what I have said above is helpful in your deliberations.

On a different matter, I would like to mention here that the IPCC is anxious to develop further the collaboration between itself, AGBM and SBSTA. This is presumably best done through our Joint Working Group and I am looking forward to further discussions in that forum. While it is important that an awareness within the IPCC about the crucial issues as seen by the FCCC is maintained, it is also essential that the IPCC initiates analyses based on new findings as reported in the relevant fields of science, technology and socio-economics.

Thank you for your attention.

**AD-HOC GROUP ON THE BERLIN MANDATE OF
THE U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE
SEVENTH SESSION (AGBM-7), 31 July - 7 August 1997**

**INTERVENTION BY NORINE KENNEDY
ON BEHALF OF
BUSINESS AND INDUSTRY NON-GOVERNMENTAL ORGANIZATIONS
4 August 1997**

Mr. Chairman, Distinguished Delegates, thank you for the opportunity to address you. My name is Norine Kennedy, and I am speaking to you on behalf of business and industry organizations attending AGBM-7. We include members with operations in countries that span the globe. Our companies provide basic goods and technologically advanced services in response to domestic and international market demand and, as such, they help energize and sustain global economic growth and development. Our represented enterprises cover a wide variety of sectors and range from small family owned businesses to large corporations. They are publicly, privately and, in some cases, government owned.

Business and industry plays a fundamental and unique role in furthering the objectives of the U.N. Framework Convention on Climate Change (UNFCCC). Many of us are involved in and support a variety of national and international initiatives and partnerships using current and emerging technologies with multiple benefits, including those aimed at minimizing waste, improving air and water quality and increasing energy efficiency.

The broad diversity of business interests often leads to different views about proposals to deal with climate issues. However, this diversity is a resource upon which we encourage you to draw as you consider how to address this complex issue. We recognize the challenge which you, Mr. Chairman, and all of your distinguished colleagues, face in these negotiations.

We continue to draw the attention of delegations to basic economic concerns and realities confronting the business community. To expand and sustain a healthy international economic environment, we believe that the following elements are essential for an effective business and industry response:

- Open markets free of trade barriers, driven by educated consumer demand and free of distortions by government intervention;
- Orderly turn-over of capital stock and infrastructure;
- Free flow of trade, capital and technology with protection of intellectual property rights; and
- A stable and transparent legal and regulatory framework.

Implementation of the Convention affects our businesses, employees, customers, shareholders and the governments that depend on business for so many societal needs. Many of the tasks of implementing future decisions of governments and responding to subsequent changes in global markets falls to business. Among them, business plays an integral role in the development, commercialization and dissemination of technologies.

Sustained economic growth and environmental protection are essential to citizens of all nations. Equally important is the interdependence of economic growth in developed and developing countries. To help ensure that the Convention builds on business practices and open-market principles, analysis of impacts on national economies, businesses and jobs will be critical. In this regard, the collective experience and technical and management expertise of the business community can be of benefit, especially through the enhancement of technology and economic assessment.

Business continues to be engaged in the long-term issues arising from the Convention. We recognize that climate change presents a global challenge which requires a global response. Our activities must respond as well to the evolving nature of the economies and societies in which we operate. Inevitably, these activities reflect existing conditions, national circumstances and actions already taken.

As business, we routinely face the challenge of decision-making and risk management in the face of uncertainty, as does government. In these situations, our experience indicates that flexible approaches which keep options open, and assess and account for changing circumstances and information provide more effective solutions, now and in the long run.

To conclude, these are critical factors that business considers and applies as we continue to provide quality goods and services to the world's growing markets and societies, and employment opportunities for its people. In this, as in so many other areas, we are your partners. We look forward to continued involvement in the Convention process and to contributing our knowledge and experience toward effective responses to the difficult challenges posed by implementation of the Convention.

Again, we appreciate this opportunity to address you, and thank you for your attention.

* * * * *

Statement of the United States of America
Seventh Session of the Ad Hoc Group on the Berlin Mandate
July 31, 1997

Mr. Chairman, there are a number of new elements that the U.S. has introduced as part of our proposal which I would like to discuss today. We have introduced these elements to clarify two central issues related to our work -- which gases should be included, and how to develop mechanisms to promote compliance. We look forward to the opportunity over the next week to work together with all Parties to find common ground on these and on all of our other issues so that we can move forward to the successful outcome that we anticipate for Kyoto.

Mr. Chairman, the United States has taken the floor in the past to explain other elements of our agreement. We believe such an agreement must:

- establish legally binding targets;
- provide maximum flexibility for Parties to meet these targets; and
- set credible, realistic levels for these targets.

There must be mechanisms for national compliance and we need to involve all countries in meeting the goal. At the moment, as some have noted, the U.S. does not have, and is therefore not in a position at this time to introduce, numbers into our discussion.

Numbers, in our view, are very closely related to structure. It is not possible, in fact, to decide what kind of a target we might undertake without knowing what constraints are imposed on such a target.

We have a very clear view: there should not be constraints on the flexibility mechanisms; countries should be allowed to use those kinds of procedures that reduce the costs -- there is no sense in taking on commitments and paying more for them. All countries have pressing obligations for their limited resources, and taking advantage of the cost-effective mechanisms must be an objective as we proceed. We have introduced proposals on emissions trading and joint implementation, on a budget process, on a process for banking -- these are all elements that increase flexibility and decrease costs.

Many have expressed concern that flexibility mechanisms will be difficult to implement. To address this, the United States has introduced new proposals, contained in a miscellaneous document prepared by the Secretariat for this session, to elucidate two of the elements that we have suggested in earlier texts. One is the issue of compliance and the second is the issue of which gases might be counted in any agreement. Both of these elements are critical for us to determine the structure, and the structure is critical, as I have noted, to determining a level.

Compliance is fundamental whether you do or do not have any flexibility elements. Nearly all of us agreed in Geneva at COP-2 that the instrument would be legally binding.

Clearly, such an instrument requires a compliance mechanism; it requires one independent of whether there is any flexibility. Once you have assurances of national compliance, adding the flexibility concepts are very simple and straightforward. We note that there continues to be some political heat over some of the issues -- but in our view, the technical details could certainly be unraveled in the time that we have before us.

With regard to the issue of which gases might be included, the United States has long called for a comprehensive approach which includes all gases, all sources, all sectors and all sinks. However, many have concerned themselves that we do not have methodologies to accomplish this task, and some have suggested a "basket" approach which limits our reductions opportunities to only a few gases. To us, this does not seem as reasonable. It is all gases that lead to the increase in the radiative forcing which raises temperatures and leads to sea level rise and other impacts. We must address all gases, and we have at our disposal a methodology, developed by the IPCC, that will enable us to do this. If countries can use this methodology, they should get full credit for all the emissions reductions they take. If they don't use this methodology, there should be a penalty and they should get less credit. We must also recognize that this methodological issue is not only related to whether we adopt a comprehensive approach but will also need to be resolved to ensure a clear, credible and effective compliance regime.

Our proposal also calls for all countries to participate in a next step. It's quite clear, particularly in light of the evolving science expressed by Professor Bolin that has come to our attention over the course of the last several years on this issue, that it is impossible for any single country or group of countries acting alone to solve this problem. Concentrations in the atmosphere are growing very rapidly: we have already passed 350 ppmv; we're going to pass 450 ppmv; and we're going to pass 550 ppmv concentration of CO₂ equivalent unless we begin to see global declines in atmospheric emissions of CO₂ and other gases.

To this end, Article 4.1 speaks to the obligations of all countries, and the Berlin Mandate calls for advancing the implementation of such commitments. But many of these are couched in very uncertain and ill-defined terms. It must be our objective in this process to better define what we're to do in this context. Clearly, also, there is a difference, and the Convention speaks to the difference, between Annex I and non-Annex I. We all recognize that at all levels countries have different capacities and capabilities. It is therefore reasonable to expect that there is a middle ground between the Annex I and non-Annex I commitments. All countries can take actions. Our proposal creates space for such a middle ground. It is not a new commitment; it's a voluntary opportunity to engage. All countries should take advantage of this opportunity as we seek to reduce global emissions, and then global concentrations of greenhouse gases.

Our proposal also includes a recommendation for a long-term vision: Where are we going in the future? Kyoto will be a step in a long-term process to meet the objective of the Convention. It is a significant step, though, and in our view, our agreement must include a vision for a future that includes all countries. We must construct a mechanism

that promotes the evolution toward that objective. A new negotiation will certainly follow this one, and in that time frame, all countries must participate. Our proposal can put us properly on this long-term path.

Mr. Chairman, in conclusion, I would like to reiterate our strong interest in working with all Parties, in working with you, and those that you delegate to lead us in our work. We believe that this session can be enormously productive in reaching a conclusion on a shortened and abbreviated text as we move toward Kyoto.

Thank you, Mr. Chairman.



INFORMATION NOTE

1. The secretariat has been advised by the United Nations Office at Geneva (UNOG) that the deadline for submission of documents for translation and reproduction for the October sessions of the subsidiary bodies is **1 September 1997**. Documents submitted to UNOG after this date may not reach Parties on time in the six official languages.
2. Parties agreed to submit their views on the following items, by the following dates:

BODY	ITEM	DATE
SBI	Schedule of the in-depth reviews of the second national communication from Annex I Parties	25 August 1997
SBI	Mechanisms for consultation with NGOs	25 August 1997
SBI	Preparation and consideration of communication from Parties not included in Annex I	8 September 1997
SBI	Financial mechanism	15 September 1997
SBSTA	Intergovernmental Technical Advisory Panels	31 August 1997

3. The secretariat would like to advise Parties that the processing of submissions from Parties would be greatly expedited if document submissions were received in electronic format, either on diskette or via electronic mail. As the secretariat uses Word Perfect as its standard word processing software, the receipt of submissions formatted in the highest version of Word Perfect would be ideal. However, the submission in other software is welcome and preferable to non-electronic submissions.

Where non-electronic submissions are provided, and where translation is required, more time is necessary to allow for reproduction.

Bonn, 6 August 1997

TIME LINE OF KEY CLIMATE CHANGE MEETINGS

Revised August 12, 1997

Week August 18	Oslo - IPCC (WGIII) Workshop on Impacts of the Actions of Annex I Parties on All Countries
August 25-27	Edmonton --APEC Energy Ministerial
August 26	NAICC Workshop on Climate Change NAICC Meetings August 25 and 27
September 4-5	Calgary -- CERI conference on Canada's negotiating position on climate change
September 9-10	Tokyo -- 'Tanabe 10' (group of EU and JUSCANZ members including Canada) Meeting
September 15	Possible Special CCME meeting on Climate Change
September 21-28	Maldives -- IPCC Bureau (21), IPCC XIII to begin (22), IPCC WGII (23-24), IPCC XIII resume (25-28)
Late September/ Early October	Joint Energy Environment Ministerial (JMM)
September 28-October 3	Paris -- Annex I Expert Group meeting
October 4-5 and	Honolulu -- ACAP meeting (Canada, Australia, US, Japan New Zealand) -- Ministerial?
October 27-28	Canadian Council of Environment Meeting (CCME)
October 20-31	BONN -- UNFCCC negotiations last AGBM session, with SBSTA and SBI
November 8-10	Tokyo -- Major Player Ministerial Meeting
December 1-10	Kyoto -- COP 3, Ministerial segment on December 8-10

LIBRARY E A / BIBLIOTHÈQUE A E



3 5036 01019931 6

DOCS 19125434
CA1 EA208 97S38 ENG
Framework Convention on Climate
Change. Canadian Delegation
Seventh session of the AGBM and
sixth session of the SBSTA and SBI
July 28 to August 7, 1997 Bonn :
delegation report. --

