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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)
Ad Hoc Group on Article 13 (AG13)

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SIXTH SESSION OF THE AGBM
FIFTH SESSIONS OF THE SBSTA AND SBI
AND THIRD SESSION OF THE AG13

February 25 to March 7, 1997

Bonn

DELEGATION REPORT

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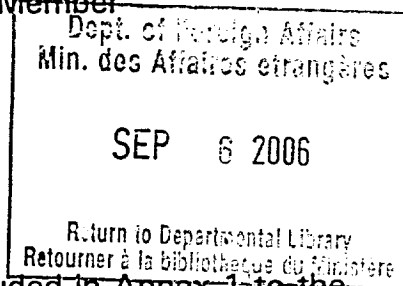
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CANADIAN DELEGATION REPORTS

Report on AGBM sessions on Climate Change, Bonn, Mar 3 - 7, 1997:

Report: AGBM Chairman Estrada (Argentina) sensing many Parties were not ready to negotiate text, opted for a streamlining of existing compilation of submissions by Parties. However having been adopted, it will become the negotiating text to be circulated to Parties by June 1, 1997, as required six months in advance of expected adoption of a legal instrument in December 1997 at CoP3 in Kyoto. In his press conference after the meeting, the Chairman said that wide differences remain and a great effort of negotiation and compromise would be needed in the months ahead but in his view there was a 99 per cent probability that an agreement would be reached.

2. AGBM sessions involved combining similar proposals by Parties and streamlining text and to a limited degree the inclusion of new proposals. Smaller non-groups were formed to produce a consolidated text on Art 4.1 (developing country commitments) and on institutions, mechanisms and other clauses which along with policies and measures, quantified emission limitation and reduction objectives (qelro's) and other elements including review of commitments, evolution and annexes were adopted in plenary. Parties can make additional submissions in legal language by April 1, 1997 to be included in the negotiating text to be circulated June 1, 1997. Unlike the current chairman's draft text, the negotiating text will not include attribution to Parties. The chairman stated that it would be difficult to introduce new proposals unrelated to the elements in the negotiating text after June 1. He intends to have informal consultations on policies and measures, qelro's and Art 4.1 with the "trattoria group" (a representative group of developed (including Canada) and developing countries and economies in transition) likely surrounding the UN Special Session June 23 to 25, 1997.

3. As expected the EU presented a proposed negotiating target of a 15 per cent reduction in CO₂, CH₄ and N₂O by the year 2010 with other greenhouse gases and a target for 2005 to be added later. An accompanying table to the announcement by Ministers in Brussels, not to be included in the EU submission of legal text, indicated members states projected emissions would range from a reduction of 30 per cent to an increase of 40 per cent. The agreement reached on March 3, 1997 covered only 10 of the 15 per cent proposed reduction, with the rest still to be negotiated. Developing countries are expected to submit a proposal for reductions by developed countries (which would be a major accomplishment given divergent views within the G-77) and Peru proposed a 15 per cent reduction in emissions by developed countries by 2005. Other submissions included a proposal by Russia which involves setting an objective to return emissions to 1990 levels (or other agreed base year) for all developed countries by 2010 with enhanced reduction commitments for OECD countries to be negotiated and legally binding qelros for each Annex 1 party was submitted by Switzerland, which is a direct contradiction to the EU bubble approach.

4. On elaboration of Policies and Measures, Canada submitted its proposal for coordinated policies and measures which was received positively by many Parties particularly Eastern European countries and will be included in the draft negotiating text. Our proposal regarding countries with their economies in transition, calls for lending institutions, such as the World Bank and the EBRD, to reprofile their lending practices so that more focus is paid to energy efficiency and renewables. The United States and Australia made clear their preference

against common policies and measures and for a simple menu, or list, of actions that countries were taking to address climate change. The EU continued to promote their Annex approach which would include a limited number of mandatory of policies and measures for all Annex 1 countries and a longer list of coordinated measures.

5. On qelros, the objective of most parties was to keep their ideas on the table and in the legal text for June 1. Interventions were, for the most part, uncontroversial as negotiation per se of sections was not undertaken. Candel focussed on intervening where the compilation document did not include elements of our position and did not repeat items which were already included in others' submissions. Specifically, the three issues Canada raised for inclusion were multi-year baselines and targets, quantified legally binding commitments quote on the understanding that flexibility elements including location and temporal opportunities, are available to Parties to meet their objectives unquote, and that qelros be quote credible, realistic, verifiable, enforceable and can be achieved cost-effectively unquote.

6. On differentiation, a half day round table was held, chaired by Malaysia (Chow Kok Kee), which addressed a great deal more than just a reiteration of proposals. Discussion was quite heated, as the EU position on targets and internal burden sharing had been released the day before and was used by proponents of differentiation as an example of how the concept could in fact be realized and on how broad the range of commitments. The Japanese Ambassador was uncharacteristically blunt, calling the EU position for internal differentiation but against broader Annex 1 differentiation as quote discriminatory unquote. The European Commission and Germany emphasized their view that the EU is unique as a regional economic entity (quote joint commitment and a joint implementation unquote) and how EU countries split their joint qelro is their own business and was an internal political decision among EU members. During the discussion, those supportive of differentiation argued that a flat rate would produce a lower target (quote law of the least ambitious actor unquote), whereas USA suggested focussing on setting a flat rate target and then using trading to reduce costs. Nevertheless, as Japan noted and the EC agreed, that if they had to come up with a flat rate target for all EU countries, it would not have been as great as a 15% reduction. However it was also clarified that such a target was only possible because a few countries (Germany and Denmark) were willing to commit to a larger share of the burden than other member states. Those against differentiation, Germany and USA in particular, raised their concern that there is not enough time to negotiate differentiated targets before CoP 3 and there are different views on criteria for differentiation of targets and timetables. Proponents argued that differentiation is indispensable for any agreement at CoP 3. Of note was a final comment by the EC representative who, when asked if a similar burden sharing could be applied within an Annex 1 bubble, answered no and further, the EU qelro would be legally binding but the burden sharing would not/not be legally binding on the individual EU country as will be the commitments by other annex 1 countries. Although there was no discussion on this, many Parties including Canada took note with particular interest this interpretation.

7. G-77 and China under pressure from OPEC countries continued their insistence that a compensation mechanism be established for possible impacts (socio-economic injuries) on developing countries as a result of new commitments by developed countries.

8. Engaging developing countries: discussion on Article 4.1 was delegated to a non group under the chairmanship of King (Trinidad and Tobago), that produced a text which consists of proposals requesting all parties, inter alia, to implement measures to address climate change. The views range 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.

9. In the non-group discussions, several developing countries reiterated their position that AGBM process will not introduce new commitments for them, and their commitments under article 4.1 are contingent upon developed country parties fulfilling their commitments related to financial resources and technology transfer. Although there was no direct reaction to the Annex 1 proposals, at the end of the AGBM session, G-77 made a statement that the group will join the negotiations on the premise that as a start, those proposals which are outside the Berlin Mandate are put off the table. It remains to be determined how much is considered inside or outside the Berlin Mandate.

**Report on SBSTA, SBI and AG13 sessions on Climate Change, Bonn,
Feb 25 - Feb 28, 1997:**

SBSTA completed its work under the able chairmanship on T. Farago (Hungary). Considerable use was made of contact groups and informal meetings in order to resolve different views of delegations and advance SBSTA's agenda. IPCC chairman, B. Bolin (Sweden) presented two recently completed technical papers on simple climate models and stabilization of atmospheric ghg's. Dr. Bolin noted that the IPCC does not have sufficient funds for the publication and distribution of its report in all UN languages. The IPCC had asked SBSTA for advice on possible new emission scenarios that might be used for the 3rd Assessment Report. There was considerable confusion regarding which emissions profiles would be examined by the IPCC and this was not entirely resolved. Several countries including Canada, had submitted proposals which the IPCC will, according to the SBSTA conclusions, take into account and, where appropriate, reflect these in a new technical paper, to be completed by September.

2. SBSTA urged international organizations involved in the Climate Agenda including the World Meteorological Organization (WMO) and the International Oceanographic Commission (IOC) to accelerate their work related to commitments under the UN FCCC. It also revisited the opportunity for future SBSTA consideration of research and systematic observations.

3. Regarding national communications, we were informed that 34 initial communications had been received, that there had been 31 in-depth national visits with 20 reports issued. The U.K informed SBSTA (and SBI) that it was submitting its second national report. SBSTA set out a process for considering new national communications (due by April 15, 1997). The Secretariat is to prepare a workplan, including a tentative schedule of in-depth reviews and a compilation and synthesis by SBSTA 7. Non-Annex 1 countries used the occasion to raise questions about GEF funding for national communications and ghg inventories.

4. A very constructive contact group considered how the UN FCCC would consider a range of methodological issues, but it focussed particularly on the division of labour between the IPCC and the UN FCCC. This issue arose because of the number of institutions tasked with addressing methodological issues and their tightening budgets. The UN FCCC Secretariat will be preparing scoping papers on a range of issues for SBSTA 6. Parties were asked to provide submissions on content, priorities and timing of methodological activities as well as proposals on reducing costs of publication and distribution, by April 15, 1997. At SBSTA 6, the specific methodological issues relating to national communications such as bunker fuels and electricity trade which were not discussed at this SBSTA session will also be addressed.

5. There were some difficult discussions on technology transfer, and this was not helped by the fact that the supporting documents were not released until the SBSTA session was well underway. Developing countries continued to use this issue to draw attention to North-South differences. This was particularly evident in discussions concerning the establishment of information centres and Technology Advisory Panels (TAPs) which the developing countries continue to press for and developed countries no longer see as viable.

6. There was no progress on a mechanism for consultations with NGO's and the matter will be addressed at the next SBI meeting based upon a document to be prepared by the Secretariat.

7. Activities Implemented Jointly/Joint Implementation (AIJ/JI): The contact group which started its work at the last session in December, resumed immediately to try to complete the reporting format for AIJ/JI projects and the list of methodological issues. Surprisingly, both documents were completed by the group notwithstanding the G-77 formal intervention which objected not only to post-2000 crediting of projects in developing countries but also to post-2000 crediting of projects in Annex 1 countries, among other things. In the plenary, the USA which made clear their position, which is consistent with the Canadian position, that the decision on concluding the pilot phase can be made at any CoP prior to 1999, that crediting is an integral aspect of the pilot phase and the post-2000 credits for JI projects in any country should not be prohibited in any way in the Kyoto agreement. The EU called for JI credits only between Annex 1 countries in the legal instrument. Submissions on AIJ projects will have to be made to the Secretariat by June 30, 1997 under the new reporting format, for inclusion in the synthesis and compilation for review at COP3.

8. SBI recommended that COP3 be held Dec 1-10, 1997, when the negotiations under the Berlin Mandate process are expected to be finalized, with the ministerial segment from Dec 8-10 (as opposed to Dec 3-5 as proposed by the COP Bureau). At the insistence of China, the SBI recommended that any new substantive proposals affecting the purpose and organization of the ministerial segment be communicated to all Parties in advance, in accordance with UN practice. A number of developing countries expressed concern about the lack of notice of the Ministerial Declaration at COP 2 and exclusion of many Parties from the process (and possible new initiatives arising from COP3). The Secretariat will make arrangements for other international organizations to present statements likely at the beginning of COP3 and will organize a roundtable-type discussion among ministers rather than formal Ministerial statements.

9. On the timing of COP4, developing countries pressed for it to be scheduled for 1998, rather than in 1999 as proposed by the CoP Bureau, which felt there would be too short a timeframe between the December 1997 CoP3 and CoP 4 in 1998. Developing countries want to ensure that the review on developed countries commitments, as specified in Art 4.2 a) and b) in the Convention is completed by December 31, 1998. The U.S. and other developed countries proposed that this review commence at COP3, to be completed by COP4 in 1999. This issue will be revisited at the next SBI session in July 1997. It was decided that regular sessions of the subsidiary bodies and the COP will be scheduled in 2 blocks of 2 weeks in 1998 and 1999.

10. On the program budget for 1998 -1999, many developed countries, including Canada, expressed concern about the projected increase in staff resources and requested detailed information at the sub-program level prior to consideration at the next SBI session. SBI 6 will recommend the budget to COP3 for adoption. The secretariat was also asked to fully cost a number of contingencies, particularly the cost of conference servicing. Developing countries stressed that the budget proposal respect the Convention provisions and relevant decisions of the COP.

11. The SBI adopted a document to be submitted to the UN FCCC as input into the UNGA Special Session on Agenda 21, scheduled for June 23 to 25, 1997, that reflected the full range of activities under the Convention to promote sustainable development, including capacity building, financial resources from the GEF and transfer of technology. As with most other issues, this was the subject of considerable discussion within a contact group. OPEC countries, supported by other energy producing countries including Canada and the USA, worked to ensure that earlier recommendations in the draft text on establishing a global energy strategy through the UN system, were dropped from the text. Brazil continues to be careful on limiting recommendations pertaining to any increasing UN role in forestry management. The final text more appropriately elaborates on achievements made under the UN FCCC in helping global efforts on climate change since Rio and highlights the important links between the UN FCCC and the IPCC.

12. A workshop on energy subsidies, environmental legislation, voluntary agreements and technology transfer, that included presentations by Canada on coal combustion and small hydro power in China, wind energy in India, power from waste and cogeneration with Poland and recycling CO₂ with the IEA.

13. SBI encouraged Annex 1 countries to submit their national communications by the April 15, 1997 deadline (UK report projects that ghg emissions in 2000 will be 4-8 per cent below 1990 levels) and took note of a report on activities in support of developing countries' first national communications.

14. On Financial and Technical Cooperation, protracted negotiations took place on the issue of the review process for the Convention's financial mechanisms, with the contact group unable to come to a final decision until well into the second week of negotiations. The review of the Global Environment Facility will culminate in a decision by the CoP on the determination of the status of the GEF - it currently is designated as the interim financial mechanism of the FCCC. OECD Parties' objective is to have the GEF designated as the permanent financial mechanism by CoP3 in Kyoto. The G-77 and China made it clear that they do not expect the review to be completed by CoP3. Issue of timing of the determination of the GEF was, as a result, not addressed in the review guidelines. Although the review guidelines are acceptable to Canada, Canada's proposal that the review also look at how the GEF was promoting climate change considerations in the mainstream activities or the World Bank and other relevant institutions was unsuccessful, despite the support of other Annex 2 Parties, especially the United States. While a number of G-77 Parties privately expressed their support for Canada's initiative, the G-77 and China, as a block, could not agree to it on the grounds that it could work to form another level of conditionality on the Bank's lending practices. The review process is to begin immediately with all Parties invited to submit views on their experience regarding the financial mechanism by May 15, 1997.

15. On AG13, the Chair initially conducted the discussion on the basis of its proposal from the third session. This proposal was based on the characteristics, functions, institutional arrangements and procedures of the process. As a result of initial support, he introduced a compilation text that reflected the points raised by the Parties as well as areas of convergence and divergence. After some modifications, the compilation was incorporated with many

brackets, as annex II, to the Report of AG13. The compilation will form the basis for discussion at the fifth session of AG13 to be held in Bonn, from 28 - 30 July 1997.

16. The main areas of convergence on the Multilateral Consultative Process (MCP) were: (a) The objective will be to provide advice on questions on implementation of the Convention; (b) The aim is to prevent disputes from arising; (c) It will not duplicate activities performed by other Convention bodies; (d) It will be facilitative, non-confrontational, transparent, and non-judicial; and (e) The outcome of the process will not be mandatory unless the CoP decides otherwise on an ad hoc basis. In addition, convergence seems to appear on the fact that the process should be advisory and not supervisory.

17. The following are the main areas of divergence: (a) Creation of the MCP through a committee that is standing (EU and Canada proposals) or ad hoc (Chinese Proposal); (b) Type of assistance provided by the process and to whom (China proposed that technical and financial supports to developing countries in accordance with Article 12.7 of the Convention); and, (c) Initiation of the process with respect to the implementation of another Party, and if so (EU proposal), to which extend this latter Party will be involved and in control of the process (China is of the view that, if such a trigger exists, the conclusions and recommendations of the process should be subject to the consent of the concerned Party).

Environmental NGO Delegation Report - AGBM 6

Robert Hornung, Pembina Institute

Hopes that AGBM 6 would be the site of the first substantive negotiations about the content of the Kyoto Protocol were dashed at the beginning of the meeting when the Chair of the negotiations made it clear that AGBM 6 would simply streamline existing proposals and eliminate duplication among them. While this made for a smooth meeting, it did not result in a lot of progress. Indeed, the most noteworthy developments at AGBM 6 were the introduction of a limited number of new proposals for consideration.

QELROs

Several new proposals for emission reductions by industrialized countries were put on the table in Bonn. The most significant of these was a proposal by the European Union (EU) that industrialized countries outside the EU should each reduce greenhouse gas emissions 15% below 1990 levels by the year 2010. Other new proposals came from Norway (greenhouse gas emissions from industrialized countries as a whole should be reduced 10-15% below 1990 levels by 2010 with differentiated commitments among countries) and Peru (each industrialized country should reduce greenhouse gas emissions 15% below 1990 levels by 2005).

While all of these proposals fall short of the 20% reduction in carbon dioxide emissions from 1990 levels by 2005 called for by the environmental community and the Alliance of Small Island States, it was good to see some more "targets and timetables" finally placed on the negotiating table. Nonetheless, the major members of JUSCANZ (Japan, US, Canada, Australia, New Zealand) continued to be silent on this issue. Australia did, however, ensure that a wide range of options would be on the table in Kyoto by proposing that targets for industrialized countries could range from a 30% reduction to a 40% increase in emissions. Although Canada has not yet taken a position on QELROs, it must remember that significant short-term emission reductions are required to protect the climate.

Flexibility

The European Union's new proposal for emission reductions is built on differentiated emission reduction targets among EU member states. Countries that support differentiation pointed to this throughout AGBM 6 as evidence that emission reduction targets should be differentiated among all industrialized countries. As in previous meetings, however, both the EU and the US clearly stated their opposition to differentiated targets. Environmental NGOs continue to be opposed to differentiation on the grounds that all industrialized countries have significant potential for emission reductions that impose no net cost on society and that negotiations on differentiation cannot be successfully concluded in time for Kyoto.

While Canada has yet to take a stand on differentiation, it should recognize that it is unlikely to benefit from a differentiated set of targets because Canada fares relatively poorly compared to most other countries with respect to many of the key indicators (e.g., GHG emissions/capita) that could form a basis for differentiation. We must examine why the United States, which is in a similar position with respect to many of these indicators, strongly opposes differentiation.

The European Union continued to express concern about how US proposals on the use of emission budgets (particularly 10 year budgets) and the concept of "borrowing" emissions from future budget periods would reduce pressure for emission reductions. Many environmental NGOs share these concerns.

The concept of international emissions trading continued to receive a lukewarm reception at AGBM 6, with many countries questioning whether a system could be agreed to in time for Kyoto and many developing countries stating outright opposition to the concept. Many environmental NGOs remain sceptical about the feasibility of emissions trading, but all are convinced that its potential is limited without strong legally binding short-term emission reduction commitments.

Joint implementation with developing countries (or more accurately, countries without legally binding emission mitigation commitments) continues to be opposed by the European Union and many developing countries. Most environmental NGOs share this view. Joint implementation projects where emission reductions are measured against a baseline are extremely problematic because both the investor country and the host country have an incentive to inflate the baseline - increasing greenhouse gas emission reductions on paper but decreasing them in reality.

Policies and Measures

Canada's proposal was the most interesting new development in this area, but it seems that few countries outside of the European Union are willing to put much effort into this element of the Kyoto Protocol. Environmental NGOs are opposed to wasting time in the negotiations on the development of non-binding menus of policies and measures from which countries can pick and choose. In this context, Canada's proposal for mandatory adoption by all industrialized countries of some "confidence bulding" measures can make a useful contribution and should be pursued further. In particular, Canada should work to develop the reporting and review mechanisms that would need to be associated with its proposal to make such common action credible and effective.

Advancing the Commitments in Article 4.1

A wide range of proposals are now on the table for advancing the commitments in Article 4.1. The weakest of these proposals simply puts some specifics around existing commitments, while the strongest proposals call on developing countries to take on binding emission limitation commitments by the year 2005. It was made clear in Bonn

that the developing countries will dig in their heels on this issue. Before being gaveled down by the Chair, several developing countries did manage to state that they believed that many of the proposals in this area fell outside the remit of the Berlin Mandate and therefore should not be part of the negotiating text.

Next Steps

The "streamlined" text that appeared at the end of AGBM 6 was actually longer than the text that existed at the start of the meeting. In some issue areas, up to ten proposals remain on the table and more are coming. For example, at the end of AGBM 6, the G-77 indicated that they would be submitting a protocol proposal for inclusion in the draft negotiating text.

Between now and the next negotiating session, Canada needs to make progress defining its positions on many of the key issues that will dominate the negotiations between now and Kyoto. It should also use other opportunities (e.g., the G-7 meeting) to discuss the climate change issue and push for the resolution of outstanding issues among industrialized countries.

**BUSINESS PERSPECTIVE ON THE RESULTS OF THE SIXTH SESSION OF
THE AD HOC GROUP ON THE BERLIN MANDATE
MARCH 3 - 7, 1997, BONN**

The sixth session of the Ad Hoc Group on the Berlin Mandate (AGBM) showed surprisingly little sense that the conclusion of the process is only nine months away. The Chairman of the AGBM began the laborious process of consolidation and refinement toward development of a negotiating text. However, most delegates wanted to keep their language in the text and only small concessions were made in cases of obvious duplication. In some cases, positions are still at either extreme with a range of alternatives in between, but with little sense of convergence.

Once again the European Union tried to give impetus to the negotiations. They did this by tabling their proposal for a target for the post 2000 period, something on which they had been unable to agree previously. However, their proposal that Annex I countries reduce their emissions by 15 per cent by 2010 clearly is a negotiating position and is dependent upon the willingness of other OECD countries to commit to the same target. It is not a unilateral commitment by the EU to reach that level. And it is clear that they have not resolved the internal process of burden sharing among members that would be required to reach this target. A table purporting to show the current commitments of EU member states revealed a substantial range - from reductions of 25 per cent in each of Germany, Denmark and Austria, through to increases of 30 per cent in Greece and 40 per cent in Portugal.

A number of proposals for reductions in greenhouse gas emissions remain in play and run the gamut from legally binding and short-term targets for each Annex I country through to "soft" collective targets over a longer timeframe. A number of important delegations have not yet indicated whether they have any particular target in mind.

The idea of differentiated targets, in order to take account of the wide variance in economic structure, energy mix and costs of abatement among developed countries, appeared to gain further ground at this session. Strong support was given by Australia, Norway and Japan, and to a lesser extent by New Zealand, Switzerland, Iceland, Poland and Russia. A number of delegations asked why the EU opposes differentiation when they clearly will have to allow for major differences among their own member states in reaching the collective EU target. However, Germany insisted that burden sharing will be a political decision for EU ministers, not one based on formulas or indicators. Nonetheless, the EU example allowed Australia to argue that differentiation would stimulate a greater collective achievement by Annex I countries than flat-rate targets, since it is likely that consensus could be reached only on a less ambitious flat-rate reduction.

The United States continues to insist that whatever target is chosen must be the same for every country. In their view, differentiation is just too complex and divisive to negotiate in the time available. They look to emissions trading

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and joint implementation to provide the flexibility needed and to adjust for different abatement costs in different countries. And yet joint implementation is still quite controversial for many developing countries, who fear that it will exploit all of the relatively inexpensive reduction opportunities in developing countries, leaving those countries with only expensive options later on. And while emissions trading is theoretically appealing, there are many practical problems with an international trading scheme, and important segments of American industry remain skeptical that it can deliver the results hoped for by the Administration.

It became increasingly apparent at AGBM-6 that the United States is feeling isolated. While they agree with the European Union on the need for legally binding targets, they oppose the EU's call for mandatory harmonized policies and measures among OECD countries and have differing views on emissions trading and joint implementation. U.S. opposition to differentiation puts them at odds with many of their traditional allies among the non-EU countries of the OECD. And the United States is the lightning rod for criticism by developing countries of attempts to negotiate new commitments for these countries. Finally, the United States has introduced a number of concepts (including emissions budgets, multi-year averaging and banking and borrowing) designed to provide flexibility and ease the burden of compliance, but these have received only lukewarm support.

One notable development was the strong statement delivered to the AGBM by the American Federation of Labor (AFL-CIO). Concerned about a potential shift of American jobs to countries without commitments, they insisted that Americans should not be asked to pay a higher price than other countries as a result of climate change policies. This was a strong signal to the Democrats and the White House, who normally count on labour support, and opens a potentially large skirmish in the battle for public opinion in the United States.

Given that the major growth in greenhouse gas emissions will come from developing countries, their participation in the protocol is critical to a long-term solution to the problem. However, the "Group of 77" developing countries continue to insist that the Berlin Mandate does not envision any new commitments for them. Most controversial was the clause suggested by the United States that a process be developed whereby all parties would take on some commitments by a specified date in the future (2005?). This raises the prospect that an attempt will have to be made at the Third Conference of the Parties to establish a process for negotiating developing country commitments post-Kyoto.

The Canadian delegation was relatively quiet but efficient, ensuring that its previous contributions were safeguarded and that all options potentially favourably to Canada are kept on the table. As the negotiations progress throughout 1997, the federal government will need sound analysis of the likely economic and trade implications in order to assess the appropriate choices for Canada and develop a clear strategic direction.

DRAFT CONCLUSIONS OF SBSTA

Approved Feb 28 10:45.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Fifth session
Bonn, 25-28 February 1997
Agenda item 6

**MECHANISMS FOR CONSULTATIONS WITH
NON-GOVERNMENTAL ORGANIZATIONS**

Draft conclusions

Proposal by the Chairman

1. The SBSTA noted with deep regret that the secretariat's document on mechanisms for consultation with non-governmental organizations was not yet ready, and expressed the hope that this document would be ready in time for consideration at the next session of the subsidiary bodies.
2. In light of the division of labour between the SBSTA and the SBI, the SBSTA invited the SBI to consider this document at its next session.

February 27, 1997@20:42

Adopted Feb 28 10:50 .

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Fifth session
Bonn, 25-28 February 1997
Agenda item 4 (a)

**NATIONAL COMMUNICATIONS FROM PARTIES INCLUDED
IN ANNEX I TO THE CONVENTION**

Draft conclusions

Proposal by the Chairman

1. The SBSTA took note of the report of the secretariat on the progress made in the process of review of the first national communications from Parties included in Annex I to the Convention.
2. The SBSTA encouraged Parties included in Annex I to the Convention to submit second national communications and inventory by 15 April 1997 or other date determined by Decision 9/CP.2 of the second session of the Conference of the Parties for the country Parties with economies in transition.
3. The SBSTA requested the secretariat to prepare a workplan, including a tentative schedule of the in-depth review of the second national communications of Parties included in Annex I to the Convention. Such workplan should include an initial compilation and synthesis by SBSTA 7 of all communications received by 15 April 1997, as well as a schedule for the preparation and distribution of the in-depth review for each Party, subject to modification in response to requests by the Parties concerned.

February 27, 1997 @22:30

Adopted Feb 28 12:15

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Fifth session
Bonn, 25-28 February 1997
Agenda item 7

DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

Draft conclusions

Proposal by the Chairman

1. The SBSTA took note of the progress report on technology and technology transfer prepared by the secretariat. It welcomed the activities underway to prepare reports on the terms of transfer, adaptation technologies, technology information centers and networks and on the technology transfer activities supported by the Parties, in particular Annex II Parties. It urged the secretariat to accelerate these activities.

~~[2.a The SBSTA noted the delay in completing the itemized progress report on concrete measures taken by annex II Parties to the Convention with respect to their commitments related to the transfer of technology as called for in decisions 13/CP.1 and 7/CP.2. It urged completion of the itemized progress report by its seventh session.]~~

[2.b The SBSTA, ^{noted} ~~concluding~~ that the information in progress report (FCCC/SBI/1996/5) on concrete measures taken by annex II parties to the Convention with respect to their commitments relating to the transfer of technology as called for in decision 13/CP/1, differed considerably in format, comprehensiveness and level of detail; urged, in accordance with decision 7/CP.2, completion of an itemized progress report by its seventh session on access to, and the transfer of, environmentally sound technology, based on the national communications from Parties included in Annex I to the Convention, due in April 1997.]

3. The SBSTA requested the secretariat to:

(a) Expand the technology needs survey instrument, for example, by adapting the design to incorporate more information on specific technology needs, and to expand the survey to all non-Annex II Parties with a view to having a more comprehensive report for the seventh session of the SBSTA;

Evaluate and assess

(b) ~~Consider~~ the need to improve awareness about existing centers and networks and about areas in which new resources could add value. Prepare a report on existing centers and networks, modalities and financial implications regarding the possible establishment of one stop specialized information centers for technology information, as well as regional technology centers;

- (c) Update the technology inventory for the seventh session of the SBSTA; and
- (d) Bearing in mind the need to prevent duplication, prepare a scoping paper on:
 - (i) appropriate activities of governments and intergovernmental bodies in creating the conditions necessary for commercial investment in cleaner technologies and on
 - (ii) the role of the private sector in developing and promoting cleaner technologies, including problems and prospects.

4. The SBSTA recalled the need as expressed in decision 7/CP.2 to evaluate the roster of experts and its use in facilitating the work of the Convention secretariat, taking into account the ongoing discussion on intergovernmental technical advisory panels. It took note of the plans of the secretariat to make use of the roster for preparing reports on technology and technology transfer by, *inter alia*, the seventh session. It requested the secretariat to also prepare a report on its experience in using the roster for the seventh session. ~~Pending completion of the evaluation report, to consider the need to consider the intergovernmental technical advisory panel(s).~~ ^{by taking into account the special role of Annex II Parties & the special conditions of non-Annex II Parties} Many Parties urged the SBSTA to set up ITAPS without delay. Some Parties stated that this consideration should await completion of the evaluation report. ^{use of the}

5. The SBSTA requested the Parties to provide comments and information to the secretariat, for its own use, on the tasks listed in the secretariat's progress report by 31 May 1997, particularly new reports and software on environmentally sound technologies and know-how for inclusion in an update of the technology inventory and database. The SBSTA reminded Parties of the need to submit as soon as possible additional nominations for the roster of experts to the secretariat, in particular experts with a background in economic and financial aspects of the transfer of technology, ~~including multilateral lending institutions, bilateral aid programmes and/or private sector banks.~~

6. The SBSTA also urged non-annex II Parties to cooperate with the secretariat in the survey of technology needs and capacities, to the extent their own capacities permit; and based on their current national assessments.

7. The SBSTA took note of the statement of the chairman of the Scientific and Technical Advisory Committee (STAP) of the Global Environmental Facility indicating a willingness of the STAP to cooperate with the SBSTA and the secretariat, for example, by making available reports on topics ~~(such as renewable energy technologies).~~ The SBSTA also took note of the statement of the chairman of the Climate Technology Initiative (CTI), particularly, the offer of the CTI to cooperate with the secretariat in its activities.

relevant.

February 28, 1997@10:01

Adopted Feb 28 12:20.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Fifth session

Bonn, 25-28 February 1997

Agenda item 4(b)

**NATIONAL COMMUNICATIONS FROM PARTIES NOT INCLUDED
IN ANNEX I TO THE CONVENTION**

Draft conclusions

Proposal by the Chairman

1. The SBSTA, recalling provisions of the Article 12.5, noted that the timing for submission of the initial communication from each Party not included in Annex I to the Convention is 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. Parties that are least developed countries may make their initial communication at their discretion. Many developing country Parties have yet to receive funding for the preparation of their initial national communication, while some others have not yet requested such funding.
2. The SBSTA also recalled Decision 10/CP.2 of the second session of the Conference of the Parties, in particular the request to the Convention secretariat, in accordance with Article 8.2(c), to facilitate assistance to Parties, particularly developing country Parties, in the preparation of their initial communications, through the organization of workshops at the regional level; to provide a forum for the exchange of experiences in the development of emission factors and activity data for the estimation of the inventory, as well as, on request, for other elements of information in the initial communication; and to provide a report to the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice at each of their sessions.

3. The SBSTA invited Parties not included in Annex I to the Convention that are in a position to do so to communicate to the secretariat on a voluntary, preliminary basis and without prejudice to the submission of their national communication, taking into account Article 12.5 of the Convention, their inventory of greenhouse gas emissions and removals, should this inventory be available. [In this context, the SBSTA noted that, in accordance with Article 4.3 of the Convention, the developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12.1. They shall also provide such financial resources needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by Article 4.1 and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that article.] It also noted that in accordance with Article 11.3, the developed country Parties may also provide, and the developing country Parties may also avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

February 27, 1997 @22:31

Adopted 12:30 Feb 28

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Fifth session
Bonn, 25-28 February 1997
Agenda item 5

METHODOLOGICAL ISSUES

Draft conclusions

Proposal by the Chairman

1. As agreed during the fourth session of the SBSTA, an informal consultative group was convened under the chairmanship of two delegates to consider methodological issues, including the report of the JWG which, among other items, discussed a division of labour between the IPCC and bodies of the Convention. The SBSTA noted the view expressed by the JWG that the IPCC, cooperating with other institutions and the UNFCCC secretariat, should take the lead for methods related to GHG inventories, climate change impacts and socio-economic cost-benefit analyses.
2. It was agreed that the eight methodological tasks identified in FCCC/SBSTA/1996/20 should be the basis for the programme of work, recognizing that some tasks could be added or combined in the future.
3. To provide the detailed information requested for consideration of any future work programme, the secretariat was requested to develop a report, including short scoping papers on the tasks mentioned above using the format in Table 1 for the sixth session of the SBSTA. A summary table should also be provided. The secretariat was asked to carry out this work in consultation with IPCC and other relevant organizations.
4. To support the work to be undertaken by the secretariat, Parties are requested to provide submissions on the content, priorities and timing of methodological activities, as well as proposals to reduce the costs of translating, publishing and disseminating, for example, instruction manuals, and on whether these tasks should be centralized or decentralized. Submissions by Parties should be provided by 15 April 1997.

Table 1

Format for Scoping Papers: Specific Activities

1. Title:
2. Objective:
3. Rationale:
(including possible user needs)
4. Approach ¹:
5. Lead / Supporting Institutions:
6. Specific activities in 1998/1999:
(by institutions)
7. Links to other organizations:
8. Start date:
Compilation date:
9. Budget:
 - a. Current Resources (1997):
(by institutions)
 - b. Estimate of needed Resources (1998/1999):
(by institutions / for all tasks)
 - c. Projected Resources (1998/1999):
(by institutions)
10. Products/ Deliverables:

February 27, 1997 @ 17:50

¹ This could include a description of what is available and what is needed.

Adopted Feb 28 12:30

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Fifth session
Bonn, 25-28 February 1997
Agenda item 3

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS

Draft conclusions

Proposal by the Chairman

1. The SBSTA noted with appreciation the information provided by the WMO, the IOC, UNEP and other international organizations* and programmes participating in the Climate Agenda in response to the request made by the SBSTA at its third session, Geneva, July 1996.
2. The SBSTA recalled the Articles 4.1 (g) and 5 of the Convention regarding research and systematic observations and recognized the importance of national activities and the coordination activities of the international organizations involved in the Climate Agenda. The SBSTA invited Parties and organizations participating in the Climate Agenda to accelerate their efforts related to commitments under the Convention.
3. The SBSTA requested the secretariat to cooperate with WMO and other organizations participating in the Climate Agenda in identifying through consultation with Parties, the needs of Parties, in particular developing country Parties, for systematic observations, climate research and capacity building and report on that to future sessions of SBSTA.
4. The SBSTA recognized the need to improve systematic observations and to promote climate research activities, particularly in developing countries. In this context, it indicated the need to build endogenous capacities and capabilities and to provide assistance to allow further participation by developing countries. The SBSTA noted that funds to meet these needs are inadequate and therefore urged Parties to provide additional resources for this purpose through existing funding mechanisms.
5. The SBSTA welcomed the holding of the conference of the "World Climate Research Programme: Achievement, Benefits and Challenges", August 1997, and requested its co-sponsors, namely WMO, IOC and ICSU to make a full report of the conference available to the SBSTA.

*WMO, UNEP, UNESCO and its IOC, FAO, WHO and ICSU.

6. The SBSTA requested organizations and programmes participating in the Climate Agenda to provide periodic reports on their work to SBSTA.

7. The SBSTA noted that Articles 4.1(g) and 5 of the Convention are broader in scope than the areas covered by the Climate Agenda, and recalled that, at its third session, it had requested the secretariat to explore the situation with respect to other areas of research, observation and data processing, relevant to Articles 4.1(g) and 5, and report on this, as appropriate, at a future session or sessions of the SBSTA.

8. The SBSTA also took note of a project being developed by WHO, WMO and UNEP to establish and Interagency Network on Climate Change and Human Health with a view to assisting countries to assess the human health implications of climate change and improve access to relevant information.

9. The SBSTA further took note with appreciation of the interest expressed by the secretariat of the Convention on Migratory Species (CMS), as well as the secretariats of other relevant conventions, such as, *inter alia*, the Convention to Combat Desertification and the Ramsar Convention, in cooperating with the Convention bodies on related climate change issues.

10. The SBSTA thanked the Chairman of the IPCC for his informative report on the ongoing work of the IPCC.

11. The SBSTA noted that Technical Paper 2 on Simple Climate Models and Technical Paper 3 on Global Stabilization of Atmospheric Greenhouse Gas Concentrations were completed and had been made available to the SBSTA, and expressed its appreciation to the IPCC for these papers. The SBSTA decided to draw these papers to the attention of the AGBM.

12. Following a report by the Chairman of the IPCC on the development of a technical paper on the Implications of Emissions Limitations and Reduction Proposals (TP4), there was considerable discussions, which reflected the divergent views expressed by Parties.

13. The Chairman of the SBSTA stated, without objection, that the Joint Working Group of officers of the IPCC and the Convention (JWG) is a body intended only to facilitate technical coordination between the IPCC and the SBSTA and it is not a decision making body. Therefore, discussions of the JWG on this subject of a proposed TP4 should be viewed as advisory regarding any of the issues raised by Parties concerning IPCC assessment of the implications of emissions limitations and reduction proposals.

14. With regard to the provision of guidance to the IPCC on the development of longer-term emission profiles, the SBSTA also noted that seven Parties have submitted their contribution contained in document FCCC/SBSTA/1997/MISC.2 and requested the IPCC to take into account and reflect these contributions in the development of Technical Paper 4.

where appropriate

February 27, 1997@22:05



SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Fifth session

Bonn, 25-28 February 1997

Agenda item 8

ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

Draft Conclusions

Proposal by the Chairman

1. The SBSTA, recalling decision 5/CP.1, decided to adopt the uniform reporting format for activities implemented jointly (AIJ) under the pilot phase contained in annexes I and II to these conclusions. It noted that methodological work and the increasing experience in AIJ are likely to require future revisions of the uniform reporting format and decides to keep the format under regular review. The secretariat is requested to make suggestions for such revisions as appropriate.
2. The SBSTA, recalling that the Conference of the Parties may only consider those activities for which reports from all designated national authorities of Parties participating in the activity have been received by the secretariat (either jointly or separately), invited Parties to report on their AIJ under the pilot phase using the adopted format.
3. The SBSTA recalled that the submission deadline for reports to be considered in the synthesis report for the third session of the Conference of the Parties is 30 June 1997.
4. The SBSTA requested the secretariat to develop practical options with regard to the list of methodological issues contained in annex III to these conclusions and to report on the progress made in this respect. The SBSTA invited interested Parties and organisations to provide support to the secretariat in this task.

Annex I
UNIFORM REPORTING FORMAT:
ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

The uniform reporting format contained below is to be used in reporting on activities implemented jointly under the pilot phase. It is noted that the reporting should be consistent with decision 5/CP.1 and 8/CP.2 (reproduced in annexes I and II to this reporting format). The SBSTA notes that the uniform reporting format could possibly require revision in the light of experience gained and methodological work conducted under the pilot phase.

A. Description of project

1) Title of project:

2) Participants/actors:

Please fill in one table for each participant/actor. For individuals fill in as from item "Function within activity".

Item	Please fill in if applicable
Name of organization ^(*) :	
Name of organization (English):	
Department:	
Acronym:	
Acronym (English):	
Function within activity:	(standard classifiers to be developed)
Street:	
Post code:	
City:	
Country:	
Telephone:	
Fax:	
E-mail:	
WWW-URL:	
Contact person (for this activity):	_____
Surname:	
First name, middle name:	
Job title:	
Direct tel:	
Direct fax:	
Direct E-mail:	

^(*) Organization includes: institutions, ministries, companies, non-governmental organizations, etc. involved in the activity, i.e. research institutes associated with the project, auditors, government agency closely following the activity.

3) Activity:

Item	Please fill in if applicable
General description:	
Type of project: ^{a)}	
Location (exact, e.g. city, region, state):	
Activity starting date:	
Expected activity ending date:	
Stage of activity: ^{b)}	Mutally agreed / in progress / completed
Lifetime of activity if different from ending date: ^{c)}	
Technical data: ^{d)}	

^{a)} For example, using Intergovernmental Panel on Climate Change (IPCC) classification: energy efficiency; renewable energy; fuel switching; forest preservation, restoration or reforestation; afforestation; fugitive gas capture; industrial processes; solvents; agriculture; waste disposal or bunker fuels.

^{b)} Circle the appropriate option.

^{c)} Methodological work will be required to define lifetime of activities.

^{d)} Methodological work will be required to determine for each type of activity what the minimum data requirements are.

4) Cost (to the extent possible):

Item	Year 1	Year 2	...	Year X
Cost of the project in US\$:				
AJ component in US\$:				
US\$ per avoided ton of CO ₂ equivalent:				

Describe briefly how costs are determined:

5) Mutually agreed assessment procedures:

Describe the procedures, including name of organizations involved^{a)}:

^{a)} Please ensure that detailed contact information for all organizations mentioned is reported under section A.2 above.

B. Governmental acceptance, approval or endorsement

Bearing in mind that all activities implemented jointly under this pilot phase require prior acceptance, approval or endorsement by the Governments of the Parties participating in these activities, which shall be shown as follows:

(a) In the case of joint reporting, the report is submitted by the designated national authority of one participating Party with the concurrence of all other participating Parties as evidenced by attached letters issued by the relevant national authorities;

(b) In the case of separate reporting, the reports are submitted separately by the designated national authority of each and every participating Party. Information will only be compiled once reports have been received from all participating Parties.

1) For the activity:

* First report and joint reporting: please add copies of letters of endorsement by each designated national authority of Parties involved in the activity.

* Subsequent reports:

Activity was: suspended
 terminated earlier

Describe:

2) This report is a joint report:

- Yes, forward copy of agreement/endorsement by the designated national authorities involved
 No

3) General short comment by the government(s) if applicable:

C. Compatibility with and supportiveness of national economic development and socio-economic and environment priorities and strategies

<p>Describe (to the extent possible) how the activity is compatible with and supportive of national economic development and socio-economic and environment priorities and strategies</p>
Empty space for response

D. Benefits derived from the activities implemented jointly project

Whenever possible, quantitative information should be provided. Failing that, a qualitative description should be given. If quantitative information becomes available, it could be submitted using the update(s). (If the amount of quantitative information is too large, the source could be indicated.)

Item	Please fill in
Describe environmental benefits in detail:	
Do quantitative data exist for evaluation of environmental benefits?	Yes/no
Describe social/cultural benefits in detail:	
Do quantitative data exist for evaluation of social benefits?	Yes/no
Describe economic benefits in detail:	
Do quantitative data exist for evaluation of economic benefits?	Yes/no

E. Calculation of the contribution of activities implemented jointly projects that bring about real, measurable and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of such activities

- 1) **Estimated emissions without the activity (project baseline):**
Description of the baseline or reference scenario, including methodologies applied:

- 2) **Estimated emissions with the activity:**
Description of the scenario, including methodologies applied:

Fill in the following tables as applicable:
Summary table: *Projected emission reductions:*

	GHG	Year 1	Year 2	...	Year X
A) Project baseline scenario	CO ₂				
	CH ₄				
	N ₂ O				
	other				
B) Project activity scenario^{a)}	CO ₂				
	CH ₄				
	N ₂ O				
	other				
C) Effect (B-A)	CO ₂				
	CH ₄				
	N ₂ O				
	Other				
D) Cumulative effect	CO ₂				
	CH ₄				
	N ₂ O				
	Other				

^{a)} Includes indirect GHG leakages.

Summary table: *Actual emission reductions:*

	GHG	Year 1	Year 2	...	Year X
A) Project baseline scenario	CO ₂				
	CH ₄				
	N ₂ O				
	other				
B) Project activity scenario^{a)} <i>data</i>	CO ₂				
	CH ₄				
	N ₂ O				
	other				
C) Effect (B-A)	CO ₂				
	CH ₄				
	N ₂ O				
	Other				
D) Cumulative effect	CO ₂				
	CH ₄				
	N ₂ O				
	Other				

^{a)} Includes indirect GHG leakages.

F. Bearing in mind that the financing of activities implemented jointly shall be additional to financial obligations of Parties included in Annex II to the Convention within the framework of the financial mechanism as well as to current official development assistance flows, please indicate

Source of project funding including pre-feasibility phase (For each source one line)	Amount (US dollars)

G. Contribution to capacity building, transfer of environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties

Describe briefly the transfer of environmentally sound technology and know-how including where appropriate the type of technology, terms, education, capacity building etc.

H. Additional comments, if any, including any practical experience gained or technical difficulties, effects, impacts or other obstacles encountered

Fill in as appropriate:

1) Any practical experience gained:

2) Technical difficulties:

3) negative impacts and/or effects encountered:

Whenever possible, quantitative information should be provided. Failing that, a qualitative description should be given. If quantitative information becomes available, it could be submitted using the update(s). (If the amount of quantitative information is too large, the source could be indicated.)

Item	Please fill in
Describe environmental negative impacts/effects in detail:	
Do quantitative data exist for evaluation of environmental negative impacts/effects?	Yes/no
Describe social/cultural negative impacts/effects in detail:	
Do quantitative data exist for evaluation of social negative impacts/effects?	Yes/no
Describe economic negative impacts/effects in detail:	
Do quantitative data exist for evaluation of economic negative impacts/effects?	Yes/no

4) Other obstacles encountered:

5) Other:

Annex II

**UNIFORM REPORTING FORMAT:
NATIONAL PROGRAMME ON ACTIVITIES IMPLEMENTED JOINTLY
UNDER THE PILOT PHASE**

1. Designated national authority for activities implemented jointly

A) Please fill in if not already communicated or if changes have occurred.

Item	Please fill in if applicable
Name of the national authority :	
Name of the national authority (English):	
Department:	
Acronym:	
Acronym (English):	
Function within activity:	(standard classifiers to be developed)
Street:	
Post code:	
City:	
Country:	
Telephone:	
Fax:	
E-mail:	
WWW-URL:	
Contact person (for this activity):	_____
Surname:	
First name, middle name:	
Job title:	
Direct tel:	
Direct fax:	
Direct E-mail:	

2. Description of programme structure and features:

3. Process for obtaining approval

A) Brief description of procedure:

B) List all criteria for national acceptance of an activity implemented jointly:

a) Criteria that support decision 5/CP.1:

b) Other criteria for national acceptance of AIJ:

4. Summary of activities

A) Summary of AIJ projects reported under Annex I:

Type of project ^{a)}	Title of activity	Stage of activity ^{b)}	Remarks	GHGs			
				CO ₂	CH ₄	N ₂ O	Other
		Mutally agreed / in progress / completed		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Mutally agreed / in progress / completed		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

^{a)} For example using IPCC classification: energy efficiency; renewable energy; fuel switching; forest preservation, restoration or reforestation; afforestation; fugitive gas capture; industrial processes; solvents; agriculture; waste disposal or bunker fuels.

^{b)} Circle the appropriate option.

B) Non project activities:

Annex III

**INDICATIVE LIST OF METHODOLOGICAL ISSUES RELATED TO
ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE**

- a) Determination of environmental benefits
- b) Modalities for measurement, reporting and assessment
- c) Endogenous capacity-building
- d) Transfer of environmentally-sound technologies and know-how
- e) Considerations of costs
- f) Modalities for mutually beneficial incentive structures for involved Parties,
acknowledging that there are no credits under the pilot phase
- g) Institutional arrangements

DRAFT CONCLUSIONS OF SBI

Adopted 7:00 28 Feb.

SUBSIDIARY BODY FOR IMPLEMENTATION

28.2.97@18:00

Fifth session

Bonn, 25-28 February 1997

Agenda item 8 (a)

Revised Conclusions by the Chairman

8. MATTERS ARISING FROM THE UNITED NATIONS GENERAL ASSEMBLY

A. Special Session on Agenda 21: inputs from UNFCCC

1. The United Nations Framework Convention on Climate Change (UNFCCC), which was adopted in 1992, has received 165 instruments of ratification or accession assuring almost universal membership of States.

2. The Convention was one of the key outcomes of the United Nations Conference on Environment and Development (UNCED), and its objectives have a close relationship to the goals of sustainable development. It has linkages to the framework of Agenda 21, with relation to energy, transport, industry, agriculture, forests ~~and~~ waste management ^{and water}.

3. An important element in the global effort to address climate change and its impacts is the open exchange of information on the implementation of commitments of Parties under the Convention; this also contributes to developing international debate on longer-term trends in consumption and production patterns, in accordance with Agenda 21. National communications are submitted so that Parties inform each other of how they are meeting their commitments under the Convention and describe their climate change programmes and how these programmes will affect greenhouse gas emissions and sinks by the year 2000.

4. In addition, the UNFCCC secretariat is mandated by the Parties to the Convention to prepare a compilation and synthesis of the national communications for consideration by them. A second such compilation and synthesis was submitted to the second session of the Conference of the Parties in which it considered the national communications of 33 Parties. The document provides an overview of the implementation of the Convention by reporting Parties, noting trends and patterns, areas of convergence and divergence, data gaps and other appropriate conclusions, including the overall effects of policies and measures. It demonstrated that while Annex I Parties are fulfilling their commitments to the implementation of national policies and measures on the mitigation of climate change, they need to make additional efforts to overcome difficulties that they face in achieving the aim of returning their emissions of greenhouse gases to 1990 levels by the year 2000.

5. Another link to furthering the goals of sustainable development is the work of the Intergovernmental Panel on Climate Change (IPCC), whose Second Assessment Report is considered to be the most comprehensive and authoritative assessment now available of the scientific and technical information regarding global climate change. The IPCC has now initiated steps towards preparation of its Third Assessment Report to develop a better, objective scientific understanding of issues related to climate change, its impacts and

possible response options. This report is expected to enhance the formulation of climate change policies in the context of sustainable development.

6. New initiatives for cooperative implementation, including technology transfer and diffusion, between all Parties to the Convention and with the major groups in civil society are also being explored by the Parties of the UNFCCC. Through these linkages the key themes of Agenda 21 pertaining to integrated policy development, citizen participation in decision-making, institutional capacity building and global partnerships involving many stakeholders, are being addressed by the UNFCCC.

7. The UNFCCC has also taken first steps to deal with the continued rise of emissions and concentrations of greenhouse gases. The Berlin Mandate agreed ^{at} by the first Conference of the Parties is the basis for considerable efforts under way in the Ad hoc Group on the Berlin Mandate (AGBM). The COP, at its second session, called, inter alia, for acceleration of negotiations of the text of a protocol, or another legal instrument which would fully encompass the remit of the Berlin Mandate. The General Assembly, at its special session, may wish to encourage member States to agree on a satisfactory result of these negotiations at the third session of the COP, scheduled to be held in Kyoto in December 1997.

8. Steps are being taken by developing country Parties to prepare their initial communication of information related to implementation. The Global Environment Facility (GEF), as the interim operating entity of the financial mechanism of the Convention, is supporting developing country Parties in implementing their commitments by funding enabling activities such as planning and endogenous capacity building. The Subsidiary Body for Implementation called on the GEF to provide expeditious and timely support to these Parties and initiate work towards a full replenishment in 1997.

9. ~~A number of initiatives of the Commission on Sustainable Development and the Inter Agency Committee on Sustainable Development are relevant for promoting United Nations system wide support for protection of the global climate.~~ Further international action in the implementation of Agenda 21 will help to involve the whole international community in promoting the effective implementation of the United Nations Framework Convention on Climate Change.

10. Noting the relevant provisions of Agenda 21 relating to the transfer of environmentally sound technology, cooperation and capacity building, the COP at its first and second sessions took decisions related to these issues. The General Assembly may also wish to pay special attention to the transfer of technology.

Intervention by the Government of Canada

Agenda Item:

Financial mechanism: review process and information on relevant action by the GEF Council

Thank you, Mr. Chairman. Canada would like to first all express its support for the statements made by the EU and the US that the GEF should be confirmed by the CoP as the permanent financial mechanism of the Framework Convention on Climate Change. We believe that the GEF has been responsive to the concerns and priorities of the CoP and merits the recognition of the CoP for its excellent work.

In the review of the GEF, Mr. Chairman, it will be one of Canada's priorities to evaluate the extent to which the GEF, in accordance with its mandate, has cooperated with other international organizations, particularly the Multilateral Development Banks (MDBs), in ensuring that the MDBs have incorporated climate change considerations in their mainstream activities. Canada is also keen to explore the extent to which the GEF leverages resources from other sources, including from the World Bank, Regional Development Banks and the private sector, particularly in capital intensive projects.

Thank You Mr. Chairman

5-3-97
Jose Romero

SBI
Fifth session
Agenda Item 4.(a)

FINANCIAL AND TECHNICAL COOPERATION

Financial mechanism: review process referred to in decision 9/CP.1

Draft conclusions

1. The Subsidiary Body for Implementation (SBI), at its fifth session, noted that in accordance with Article 11.4 of the Convention, the Conference of the Parties (COP) by its Decision 9/CP.1 agreed to review the Financial Mechanism within four years of the first COP, and take appropriate measures, including a determination of the definitive status of the Global Environment Facility (GEF) in the context of the Convention.
2. The SBI further noted that decision 11/CP.2 mandates the SBI at its fifth session to undertake the review process referred to in decision 9/CP.1 and report on the outcome to the COP at its third session.
3. The SBI, in considering the matter noted that:
 - the new information at the disposal of this session of the SBI comprised the report prepared by the GEF (document FCCC/SBI/1997/2), discussions at two workshops conducted by the GEF and a question and answer session between the GEF and the SBI. This information was welcomed. In this regard, the Parties would need additional time for the review of the content of the documents;
 - in order to facilitate a fully-informed review, information from other sources, including Parties, would be particularly important;
 - the report of the Special Session of the U.N. General Assembly reviewing the implementation of Agenda 21 would be of interest to the SBI in its review of the financial mechanism;
4. Accordingly, the SBI agreed that it would begin the review process on the basis of the attached guidelines. The SBI invited Parties to submit views on their experience regarding the financial mechanism by May 15 1997 and requested the secretariat to prepare a compilation of the submissions. The SBI also requested the secretariat on the basis of the submissions received and other information as enumerated in the guidelines to prepare a synthesis report for consideration by the Parties at the sixth session of the SBI. The need for a full replenishment was highlighted in the debate.

Guidelines for the Review of the Financial Mechanism

A. Objectives

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives will be to review the financial mechanism and take appropriate measures regarding:
 - its conformity with the provisions of Article 11 of the Convention;
 - its conformity with the guidance of the COP;
 - the effectiveness of the activities it funds in implementing the Convention;
 - its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;
 - its effectiveness in providing resources to developing country Parties under Article 4.3.

B. Methodology

2. The review shall draw upon the following sources of information:
 - information provided by the Parties on their experiences regarding the financial mechanism;
 - annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance of the COP;
 - the GEF annual report to the COP on its activities as the operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
 - reports from the GEF monitoring and evaluation programme;
 - reports from the UN Commission on Sustainable Development and relevant bilateral and multilateral funding institutions;
 - relevant information provided by other inter-governmental organizations and non-governmental organizations.

C. Criteria

3. The effectiveness of the financial mechanism will be assessed taking into account the following:

- the transparency of decision-making processes;
- the adequacy, predictability and timely disbursement of funds for activities in developing country Parties;
- the responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
- amount of resources provided to developing country Parties, including financing for technical assistance and investment projects;
- the amount of finance leveraged;
- the sustainability of funded projects.

**INFORMAL SBI WORKSHOP ON
ASPECTS OF IMPLEMENTATION OF POLICIES AND MEASURES BY ANNEX I
PARTIES**

Oral report to the SBI and SBSTA by Luis Villanueva, Chairman the workshop's second session.

Mr Chairman, it is my pleasure to report back from the afternoon session of the SBI Informal Workshop which focussed on the transfer of technology and know how. This workshop was held in response to the request of SBI at its second session to convene an informal workshop focussing on implementation aspects of specific policies and measures taken by Parties. Participants made use of the opportunity to share information on different aspects of the transfer of technology and know how, from the viewpoint of Annex II Parties, Parties with economies in transition and developing countries.

The workshop included three presentations followed by three short discussion topics, from experienced and committed participants, to whom I would like to convey my personal thanks. I will now briefly summarise some highlights from the individual speakers.

The presentation from France illustrated the different approaches towards bilateral and multilateral assistance. Transfer of technology was discussed in the broader content of bilateral and multilateral cooperation. Some examples of activities implemented with different countries were reported. It was emphasised that the reduction of GHGs emissions can go together with economic development.

The presentation from Hungary highlighted the particular circumstances that countries with economies in transition are facing. A fundamental step has been the introduction of new legal instruments and sector oriented regulations which will require time for full impact. Some successful cases of technology cooperation with some Annex II Parties were described.

The presentation from Canada detailed the institutional structure of its technology transfer programmes and emphasised the importance of the private sector involvement. The primacy of the market, the role of governments, the fact that different needs require appropriate solutions and partnerships based on trust were considered as key factors. This was followed by some concrete examples of private sector/governments cooperation.

The first discussant was from Thailand who exposed the problems they were encountering in the introduction of environmentally sound technologies. In particular was stressed the need for indigenous capacity building, an environmental policy framework and the availability and dissemination of information. The still high cost of access to environmentally sound technology represents a major barrier to its adoption.

The discussant from Botswana underlined the need for appropriate cost-effective technologies which could be adapted to local conditions. He emphasised that the technology introduced must be accompanied by adequate technical support in order to be understood, accepted and welcomed. The social effects need also to be carefully addressed.

The UNIDO discussant addressed the sustainable reduction of industrial emissions which must maintain a competitive economy and recognize the implications on employment. In this regard, he stressed the importance of a supportive national policy framework.

Let me conclude, Mr Chairman, by making a few observations. First the complexity of the issue warrants further discussion. Second, it may be noted that further information from Annex II Parties will be included in the second national communications and, at the request of the COP, the secretariat has been asked to compile the information and produce a report to be submitted to the seventh session of the SBSTA. Last, the workshop provided a useful exchange of information; and I advise those delegates who were not in a position to participate to carefully study the report on this workshop, which will be made available by the secretariat next week.

Thank you Mr Chairman.

.28.02.97

IPCC'S INPUT TO SBSTA AND AGBM



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



**REPORT TO THE
FIFTH SESSION OF
THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Bonn, 25 February 1997**

and the

**SIXTH SESSION OF
THE AD-HOC GROUP ON THE BERLIN MANDATE
Bonn, 3 March 1997**

**BERT BOLIN
CHAIRMAN
INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE**

**IPCC Report to the Fifth Session of the SBSTA
and Sixth Session of the AGBM**

by
Bert Bolin,
Chairman of the IPCC
February - March 1997

Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

This Report to SBSTA, as well as AGBM, is given when you are engaging yourselves in the final discussions and negotiations for a protocol or some other legal instruments as preparations for the COP-III in Kyoto. I sense therefore that I should be as specific as possible in order to serve you well. You need concrete information that is relevant regarding ways and means for adaptation to and mitigation of a human-induced climate change. I shall try to do so, but of course any such attempt will necessarily be selective. For further information I therefore refer you to the IPCC reports and particularly to the three Technical Papers (TP) that have been prepared for you.

The IPCC submitted one such paper to you in December, i.e.

- Technologies, Policies and Measures for Mitigating Climate Change.

You may have studied it during the past two months and found answers to some of the questions that you may have been asking in the past.

On this occasion we submit to you for consideration two additional papers, i.e.

- An Introduction to Simple Climate Models Used in the IPCC Second Assessment Report
- Stabilisation of Atmospheric Greenhouse Gases: Physical, Biological and Socio-economic Implications.

A fourth Technical Paper

- Implications of Emissions Limitations and Reduction Proposals,
- will be completed by September this year. Consultations between the SBSTA and the IPCC on emissions profiles has delayed the completion of this Paper.

The Technical Paper on Simple Climate Models (TP 2) is long and detailed, and should be helpful in clarifying the usefulness as well as limitations of such models. I particularly recommend the introductory sections to you for the key messages.

A set of different simple models is used in order to arrive at projections of global mean temperature and sea level rise:

- Atmospheric concentrations of greenhouse gases are derived from given emission scenarios of respective gases with the aid of simple biogeochemical models. Global carbon cycle models yield carbon dioxide concentrations as inputs to simple as well as complex climate models. Although considerable uncertainties about the role of the terrestrial ecosystems prevail, projections of atmospheric carbon dioxide concentration are reasonably reliable for

several decades into next century, but long term changes may well be significantly influenced by poorly understood feed-back mechanisms and also by our inability to foresee how humans will use agricultural and forest land in the future. The disappearance of other greenhouse gases from the atmosphere is largely determined by chemical or photo-chemical decomposition and their concentrations can be determined quite well, if emissions are known.

- Changes of radiative forcing of the atmosphere due to changing greenhouse gas concentrations are determined by specially designed radiative models.
- Changes of the global mean temperature due to a change of the total radiative forcing are derived with the aid of simple climate models. These models do not provide spatial resolution of projected changes. The sensitivity of the climate system to radiative forcing is usually specified in these models on the basis of results from complex model experiments. The simplicity of simple climate models permits extensive experimentation to derive the consequences of alternative scenarios of atmospheric concentrations of greenhouse gases and aerosols (cf. Technical Paper on Stabilisation, TP 3).
- The global average of sea level rise can similarly be determined with the aid of the simple climate models based on the deduced temperature changes. The models require careful use of complex ocean models and oceanic observations for calibration.

The Technical Paper on Global Stabilisation of Atmospheric Greenhouse Gas Concentrations (TP 3) provides you with a large amount of information.

- The concept of equivalent carbon dioxide concentration is defined as the concentration of carbon dioxide that would cause the same amount of radiative forcing as the given mixture of carbon dioxide and other greenhouse gases. The present atmospheric concentration of carbon dioxide is about 360 ppmv (and is rising by about 1.5 ppmv per year), to which should be added about 30 ppmv due to the enhanced concentrations of methane, nitrous oxide and CFC-gases as well as the associated decrease of stratospheric ozone. In addition, the increase of air pollution in general, and therefore of tropospheric ozone, has also added to the greenhouse effect (equivalent to about 20 ppmv), but is not considered in this Paper. On the other hand, the counteracting effects of sulphur aerosols presently reduce the equivalent carbon dioxide concentration by about 50 ppmv, but the magnitude of this effect is quite uncertain because of poor knowledge about the optical properties of sulphate aerosols as well as of cloud droplets that have incorporated sulphate particles. Further, the distribution of this negative forcing (as well as that due to air pollution) is geographically patchy. Computed changes of the temperature with the aid of simple climate models cannot reflect the more complex distribution of temperature changes that would occur in reality.
- A reference scenario is presented for each carbon dioxide stabilisation profile, in which the radiative forcing due to greenhouse gases other than carbon dioxide and to presence of aerosols does not change during the next century. Other graphs then show how sensitive the forcing due to these reference scenarios are to alternative assumptions about future emissions of other greenhouse gases and aerosols.
- The analyses show that stabilisation of carbon dioxide concentrations at any level above 500 ppmv is likely to result in changes equivalent to at least doubling of pre-industrial carbon dioxide concentrations (i.e. 560 ppmv), due to the additional forcing by other greenhouse gases.

- All graphs in this report that display global temperature changes due to anthropogenic emissions refer to changes relative to 1990. To obtain the human-induced change since pre-industrial times, 0.3-0.7 degrees C should be added, most of this change having occurred during the 20th century. The uncertainty of these past human-induced changes is primarily due to natural variability of the global mean temperature and to uncertainty about climate system sensitivity.
- A number of factors influence the mitigation costs to stabilise greenhouse gas concentrations, which are enumerated in the report. The costs for implementation of emission reductions depend on e.g. policy measures chosen, the degree of flexibility permitted to reallocate control responsibilities across sources and amongst countries, R&D efforts, types of infrastructure investments societies make, and of course on the level chosen for stabilisation.
- To achieve the lower levels of stabilisation, there will be a need for an expansion of energy supply systems that are not based on fossil fuels. The costs of transition to such systems will much depend on the magnitude of the total resources of fossil fuels and the costs for their extraction, which determine the price with which costs for energy supply from carbon free energy supply systems should be compared. These in turn much depend on how much R&D will reduce costs for their use. It is noteworthy that present assessments of reserves and resources of oil and gas are well below cumulative emissions permitted for stabilisation at 500 ppmv or higher. Reserves and resources of coal and unconventional fossil fuels, on the other hand, are much larger, cf. the Technical Paper on Technologies, Policies and Measures (TP 1). How much of these can be used when aiming at stabilisation at alternative levels obviously becomes a central issue.
- The IPCC Second Assessment Report (SAR) concluded that significant "no regrets" measures are available (cf. TP 1). Because such policies are generally beneficial, the issue facing governments is whether, and if so, when and how far to proceed beyond the "no regrets" actions that would make sense, even in the absence of damaging climate change. The risk of aggregate net impacts due to climate change, consideration of risk aversion, and the application of the precautionary principle do provide rationales for actions beyond "no regrets".

Technical Paper on the Implications of Emissions Limitations and Reduction Proposals (TP 4).

As you certainly will recall, the specification of emissions profiles to be used in this context was extensively discussed during the last session of the SBSTA. Countries were requested to make submissions on this issue by 15 January this year. SBSTA also requested the IPCC to complete its work as soon as possible on the basis of these submissions in consultation with the joint working group. In order to satisfy the views expressed at the last SBSTA meeting, this Technical Paper will now consider all emission profiles that have been proposed by countries to be included into protocols, a few of which extend far beyond 2020. Few studies are, however, available that can provide information about economic and other implications of alternative emissions profiles. Some general information can, however, be derived from the Technical Paper on Stabilisation (TP 3).

All this implies that this Technical Paper will not be available until September this year. It is, however, possible to illustrate some aspects of the outcome of such an analysis with the aid of data readily available in the IPCC reports. In accordance with the agreement on the Berlin Mandate much attention in the negotiations has been given to the differentiation of the

responsibilities between Annex I and Non-Annex I countries, which has been kept in mind in choosing the examples shown in the following.

I wish first to draw your attention to the figure attached to this address. The top curve shows total carbon dioxide emissions for the central IPCC scenario, IS92a, and the similarly rising curve below gives the Non-Annex I country part of the emissions. The areas below these respective curves are proportional to the cumulative emissions and therefore the area between them shows the cumulative emissions due to Annex I countries. Assuming that only Annex I countries stabilise or reduce their emissions, the top curve would be lowered as indicated in the figure. Three cases are shown that embrace all proposals that are being considered in the ongoing negotiations: 1) Annex I countries keep their emissions constant, 2) they reduce them annually by 1% or 3) they reduce them annually by 2%.

It is obvious from this graph that no reasonable future reductions by Annex I countries would stabilise global emissions. Corresponding graphs could of course also be prepared on the basis of any other IS92 scenario.

A simple carbon dioxide model can be employed to deduce the atmospheric carbon dioxide concentrations for the cases of stabilising or reducing Annex I country emissions. Somewhat lower concentrations are obtained than those deduced from the IS92a scenario and shown in SAR. Note that the cumulated total emissions due to fossil fuel burning during the 25 years 1995-2020 according to IS92a are projected to be about 210 Gt., which amount would be reduced by about 21, 29 and 36 Gt. in the three cases of stabilisation or reduction of the emissions by Annex I countries as referred to. This could in itself be most important as a beginning of a long term effort. It is, however, clear that the reduction of the increase of atmospheric carbon dioxide concentrations during this period, 5-9 ppmv is quite small compared with the projected increase according to the IS92a scenario, i.e. 50-55 ppmv. The induced increase of the global mean temperature during these 25 years because of emissions according to the IS92a scenario would actually in any one of the cases shown be reduced by less than 0.1 degrees C, which would not be detectable.

The results described above are a consequence of the inertia of the climate system. They also show why it is important to analyse extended emission profiles in order to understand the implications of different actions. Agreed actions would, however, presumably only be in force for a limited period of time, i.e. until new agreements can be reached in the light of improved knowledge about the climate issue. In any case, in a longer term perspective collaboration between all countries will be required in order to stabilise and then gradually reduce total emissions. How quickly this is to be achieved becomes a matter of political judgement that means weighing risks against costs, which is not a task for the IPCC. Relevant information in this regard can be found in the SAR (Working Group III).

It is finally also of interest to insert into the figure the emission profiles required for stabilisation of atmospheric carbon dioxide concentrations at different levels (450, 550, 650 and 750 ppmv). I wish to recall that alternative path ways towards stabilisation can be chosen (two are shown for stabilisation at 450, and 550 ppmv, cf. also the Technical Paper on Stabilisation). Comparison should also be made with other IS92 scenarios. I leave it to you to discuss the implications of this

simultaneous display of emission scenarios, particularly with regard to sharing responsibilities between countries. It is interesting to note the years when the emissions from Non-Annex I countries according to IS92a begin to exceed the total emissions that lead to stabilisation at 450 and 550 ppmv. Of course I recognize the inadequacy of information both on mitigation costs and on the value of avoided damage when trying to choose between stabilisation scenarios. Still, I hope that this additional information is of interest to you, being an immediate consequence of material in SAR (Working Group II).

Before closing this presentation I wish to bring up a few additional issues.

In the context of discussing the IPCC Third Assessment Report, the SBSTA, at its last meeting, "urged the IPCC to develop a flexible programme as it plans this report so that the emerging needs of the SBSTA can be considered. Parties were requested to submit comments on the planned structure and content of the third Assessment Report to the secretariat by 30 May 1997 for compilation into a miscellaneous document."

The IPCC Bureau carries the responsibility to prepare for some reorganisation of the Panel and to propose to the IPCC-XIII Session the structure and content of the Third Assessment Report. A first draft proposal prepared by the Chairman-Elect has been circulated to all countries that take part in the work of IPCC. Extensive comments were received, which served as a basis for discussions by the IPCC Bureau during two days earlier this month. The Chairman-Elect will prepare another, modified outline to be considered by the Bureau in July for ultimate submission to the IPCC session in September.

It would be desirable that country submissions to the FCCC secretariat on the issue of the Third Assessment be handed over to the Chairman-Elect as soon as possible for his consideration in preparing for the IPCC Bureau meeting in July. The reorganisation of the IPCC, however, is of course a matter to be dealt with by the IPCC exclusively.

A number of activities have been initiated by the IPCC on the basis of the decisions taken in Mexico City in September 1996. For your information they are all listed in a second attachment to this report to you.

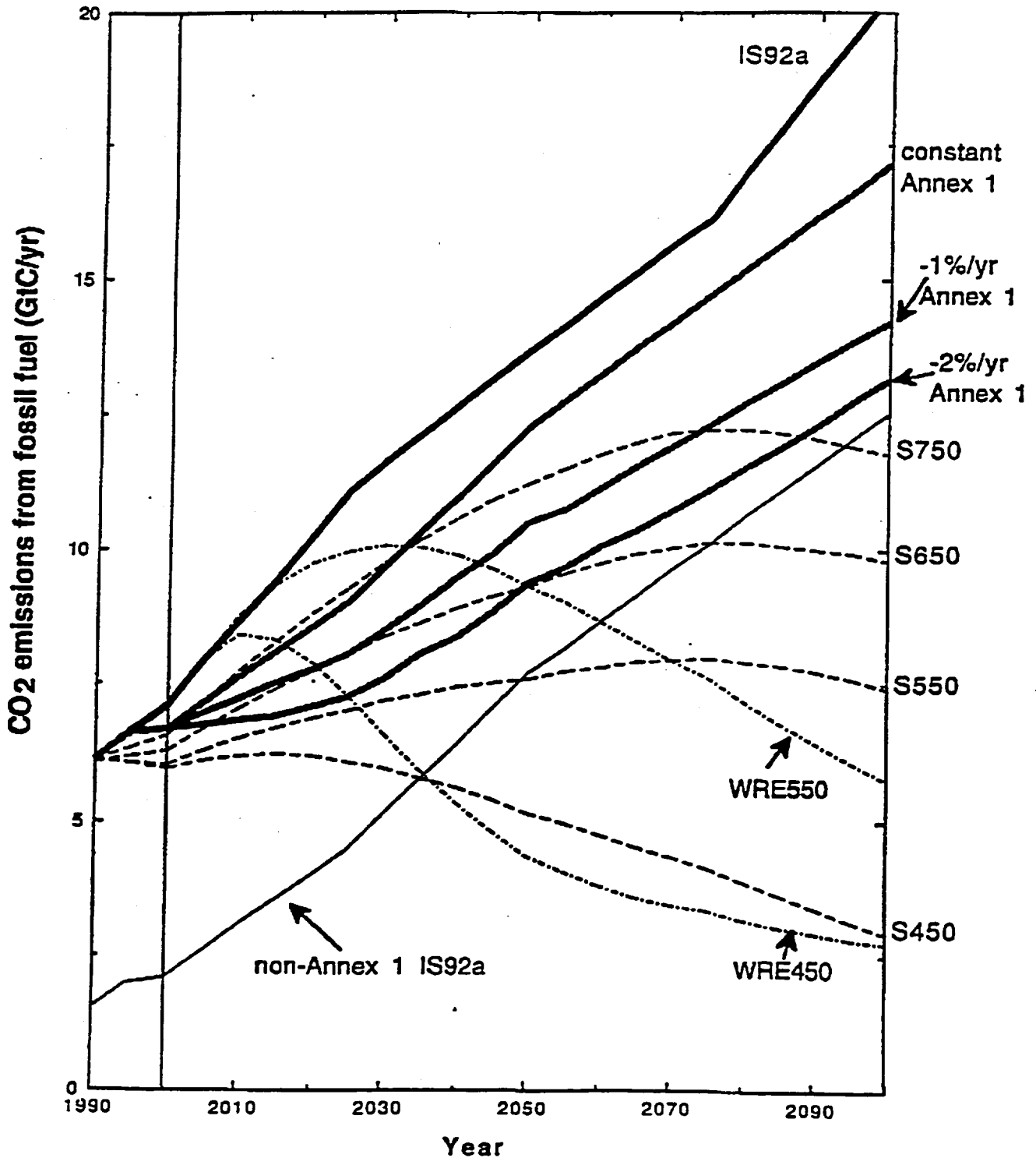
I will of course be available after this session for discussion in formal sessions or with anyone of you individually.

The IPCC is anxious to develop further the collaboration between SBSTA and IPCC. This is presumably best done through the 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 SBSTA is maintained, it is also important that the IPCC initiates analyses based on its knowledge about fundamental issues as discussed in the relevant fields of science and technology.

Thank you for your attention.

The reduction in CO₂ emissions from fossil fuel (in GtC/yr), relative to IS92a, when Annex I countries: (i) hold emissions constant at 1990 levels; (ii) decrease emissions by 1%/yr; and (iii) decrease emissions by 2%/yr. For comparison, the emissions leading to stabilisation of CO₂ at concentrations of 450, 550, 650 and 750 ppmv are also shown. For stabilisation at concentrations of 450 and 550 ppmv, two routes to stabilisation are shown ("S" and "WRE").

The fossil fuel emissions as shown have been obtained by deducting the IS92a net emissions due to deforestation and changing land-use from the total emissions. Similar graphs could be derived based on other IS92a scenarios. It is further to be noted that the graph is approximate because non-Annex I country activities would of course be influenced by steps taken by Annex I countries



IPCC MEETINGS/WORKSHOPS, EXPERTS/LEAD AUTHORS' MEETINGS - 1997		
9-10 January 1997	Bracknell UK	IPCC WG I Task Group on Climate Scenarios for Impact Assessment
22-23 January 1997	Washington	IPCC WG I Lead Authors' Meeting - TP on Simple Climate Models and TP on Stabilisation of Atmospheric GHGs
23-26 January 1997	New Delhi, India	IPCC WG II Regional Lead Authors' Meeting - SR on Regional Impacts of Climate Change (Asia)
27-29 January 1997	Harare, Zimbabwe	IPCC WG II Regional Lead Authors' Meeting - SR on Regional Impacts of Climate Change (Africa)
3-5 February 1997	Geneva	IPCC Bureau - Twelfth Session
6-7 February 1997	Geneva	IPCC WG III Lead Authors' Meeting - SR on Emissions Scenarios
10-13 February 1997	Tarawa, Kiribati	IPCC WG II Regional Lead Authors' Meeting - SR on Regional Impacts of Climate Change (Small Islands)
11-13 February 1997	Montevideo, Uruguay	IPCC WG II Regional Lead Authors' Meeting - SR on Regional Impacts of Climate Change (Latin America)
10-12 March 1997	Tokyo, Japan	IPCC Workshop on Integrated Assessment Modelling (WG III)
13-14 March 1997	Tokyo, Japan	IPCC WG III Lead Authors' Meeting - SR on Emissions Scenarios
10-14 March 1997	Pretoria	Workshop for Training on IPCC Methodology for Africa (US Country Study Programme)
19-21 March 1997	Amsterdam, Netherlands	IPCC WG II Convening Lead Authors' Meeting (all Regions) - SR on Regional Impacts of Climate Change (first meeting)
8-9 April 1997	Montreal	IPCC WG I Lead Authors' Meeting - SR on Aviation & Global Atmosphere
6-7 May 1997	Venice, Italy	Technical Workshop on International Environmental Agreements on Climate Change, co-sponsored by IPCC
8-9 May 1997	Washington	IPCC WG I - Task Group on Climate Scenarios for Impact Assessment
16-18 June 1997	Copenhagen	Workshop on Costing Methodologies for Mitigation/Adaptation Measures, co-sponsored by IPCC (WG III)
25-27 June 1997	TBD	IPCC WG II Convening Lead Authors' Meeting (all Regions) - SR on Regional Impacts of Climate Change (second meeting)
9-11 July 1997	Geneva	IPCC Bureau - Thirteenth Session
28-30 July 1997	TBD	IPCC WG II Convening Lead Authors' Meeting (all Regions) - SR on Regional Impacts of Climate Change (third meeting)
Summer 1997	Canada	Workshop on Adaptation, Climate Change & Variability (WG II)
Third week August	Oslo	IPCC Workshop on the Impacts of the Actions of Annex I Parties on all Countries (WG III)
21 September 1997	Maldives	IPCC Bureau - Fourteenth Session
22 September 1997	Maldives	IPCC-XIII to begin
23-24 September '97	Maldives	IPCC WG II
25-28 September '97	Maldives	IPCC-XIII Resumed

AGBM DOCUMENTS

Informal roundtable on differentiation
Held Tuesday 4 March
Observations by the Chairman of the roundtable, Mr. Kok Kee Chow.

Mr. Chairman,

Thank you for giving me the opportunity to report on a lively and, I believe, very fruitful discussion held last night.

The advocates for differentiation appear to have common concerns; in short national circumstances, which they want to see reflected in QELROs commitments. Among these are differences in starting points, economic structures, resource bases, available resources and technologies. They also emphasized the need for sustainable economic growth and that impacts of policies and measures will be unevenly distributed.

Several ways to deal with this have been identified; these include formula, selective and negotiation approaches. As you know, these Parties have forwarded a number of criteria and formula to be used to reflect these circumstances. I sensed a growing common understanding that these indicators would only be seen as helpful tools for input in a negotiation to arrive at QELROs that would be regarded as fair. Those negotiations would, however, be political in essence - no political outcome in Kyoto will be arrived at as direct output from such formulas.

These Parties also stressed that flexible implementation mechanisms do not reflect the concerns they had raised on this point, which they argue is about initial distribution of commitments. Some of them stressed the importance of such mechanisms as another element of a protocol (or other legal instrument).

The advocates for differentiation saw the European Community's agreement on a negotiation position as presented yesterday as a very strong indication that differentiation is necessary to arrive at ambitious targets, while others argued that this does not necessarily apply outside the Community. The European Community, as well as its member states' representatives, underlined the intense and timeconsuming political process that has taken place to arrive at the distribution of its negotiation target on the member states, to reflect the political realities.

A number of participants in the debate felt that numerical illustrations of the various approaches would be very helpful to the process. Some also questioned the practicability of this type of approach given the little time that is left before Kyoto, while the advocates for differentiation did not see this approach as more complicated than to reach a "flat rate agreement" that they could all sign on to.

All in all I sensed a movements towards convergence in the group in favour of differentiation - although there is still more work to do. And given the comments from other participants, we can surely look forward to challenging negotiations on this point.

Thank you, Mr. Chairman

**Statement by Ian Pickard (United Kingdom)
Chair, Annex I Expert Group to AGBM 6
Monday, 3 March 1997**

Mr. Chairman:

I am taking the floor on behalf of the Annex I Expert Group to update delegates and observers on the work the group is undertaking. A key objective of the Annex I Expert Group is to provide input to the Ad hoc Group on the Berlin Mandate that is analytical, practical, and directly relevant to the AGBM process. The group's work is carried out with the support of the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA).

Since COP1, the Annex I Expert Group has conducted a series of studies on "Policies and Measures for Possible Common Action". In 1996 eight studies were released at AGBM meetings. Today, I am very pleased to announce the completion and release of another four studies which are available at the back of the room. These four studies are on International Greenhouse Gas Emission Trading, Marine Bunker Fuel Charges, Carbon Charges on Aviation Fuels, and Policies and Measures to Encourage Innovation in Transport Behaviour and Technology. Executive summaries of the studies are included in FCCC/AGBM/1997/misc.2.

Three additional studies are not yet complete but will be released between now and AGBM7: one on Financing Energy Efficiency in EIT Countries; a broad study covering electricity sector market reform, voluntary agreements with electric utilities, and electricity from renewable energy; and another study looking at competitiveness issues associated with the implementation of carbon/energy taxation. The Group also intends to release a short analytical paper assessing the climate change implications of agricultural policy reforms at AGBM7. Order forms for all of the studies are available at the back of the room if delegates wish to have the studies mailed to them. The studies can also be downloaded from the internet.

The policies and measures project is intended both to inform decision making in Annex I countries on options to achieve long term greenhouse gas emission reductions, and to provide analytical input to the AGBM negotiations. The studies assess a range of different policies and measures for Annex I Parties in the main sectors that contribute to greenhouse gas (GHG) emissions. The analysis of each measure, or group of measures, includes assessment of GHG mitigation potential, cost and broader economic effects, implementation issues (administrative, institutional and political), possible impacts on non Annex I countries, as well as an assessment of possible common actions.

As this project is now very close to its end point, I would like to report some of the main results of this work. While each of the studies identify different opportunities and implementation issues specific to the measures under review, four broad messages emerge from the set of studies:

- first, a range of cost effective policies and measures for GHG mitigation are available to Annex I countries that have been developed and tested in different circumstances;
- second, policies and measures need to be adapted to local or national circumstances, therefore national governments must identify which policy measures are best suited to their own particular requirements;

- third, packages of policies are likely to be more effective than individual measures: policy options need to be designed to fit with other measures in the sector, and to provide complementary signals for change and innovation.
- Finally, Common Action in relation to these policies and measures can be undertaken by Annex I countries in a number of ways. Countries can agree to share information on relevant domestic policy experiences, agree on general areas for common action or objectives while leaving flexibility on how to take action to participating governments, or proceed to co-ordinate or harmonise the introduction of specific policies and measures. Given different national circumstances harmonisation may only be relevant in special cases, such as for aviation or maritime transport policies or for small coalitions of countries.

All stakeholders in the AGBM process including both Annex I countries and non-Annex I countries, industry representatives, and other non-Governmental organisations are invited to review the policy measures and options for common action presented in these studies and to consider the opportunities for fuller implementation of these measures.

Looking ahead, the Annex I Expert Group has agreed to an ambitious programme for 1997. The major elements of this work programme include further work in the area of international GHG emission trading. A second project this year will be assessment of methods for national projections of GHG emissions and sinks, and of methods to estimate the effects of policies and measures. Methods relevant to the energy, agricultural, and forestry sectors will be examined. A third focus is to improve dissemination of information on greenhouse gas mitigation policies in countries with economies in transition.

Mr. Chairman, it is a priority of the Annex I Group that our work be transparent and accessible so that we can hear from others how we might enhance the quality, relevance, and timeliness of our contributions, and to ensure that all interested groups and Parties are adequately briefed. I will continue to report regularly to this meeting and the Annex I Expert Group will continue to distribute its products widely to all participants of the Ad hoc Group on the Berlin Mandate.

Finally, I would like to express the Group's thanks to the staff in the OECD and IEA Secretariats for their work in support of the Annex I Expert Group.

Thank you, Mr. Chairman

**AGBM
Sixth Session
Bonn, 3-7 March, 1997
Agenda Item 3(a)**

**CANADIAN STATEMENT
Elaboration of Policies and Measures in a Protocol or Other Legal Instrument**

Thank you Mr. Chairman.
First of all, my delegation would like to thank the Secretariat for its excellent work on the Framework Compilation of Proposals from Parties.

In its intervention at the last session of the AGBM in December, 1996, Canada put forward what we had called the "evolutionary approach" as a mean of addressing Policies and Measures in a Protocol, whereby a legal instrument would include those policies and measures in which Parties would have a fair degree of comfort in implementing in a coordinated manner. Over time, the experience with those measures should work to build global confidence in the approach so that Parties may be more willing to consider other actions in the future. Today, Canada would like to elaborate further on this approach. But before doing so, allow me to emphasize two important points.

First of all, we would like to reiterate our view that Parties should have maximum flexibility in deciding appropriate means to achieve targets and timetables. The specific initiatives included in our proposal should not be regarded as a sufficient "road map" for how countries will attain the reduction objectives. In that respect, the most significant actions taken to meet Parties' objectives will take place within national contexts. In addition to coordinated actions, Canada would support a menu based approach, reporting on all relevant activities Parties are taking to address climate change.

Secondly, Canada also believes that it is important to start focussing attention on discrete policies and measures, that reinforce a positive relationship between the economy and the environment, if we are to begin to take meaningful and long term action to reduce net emissions.

Mr. Chairman, the proposal on Policies and Measures that Canada is submitting today to the AGBM includes:

- a reaffirmation of current commitments under the Convention, whereby Parties to the Protocol shall adopt and implement policies and take measures to mitigate climate change within national, and where appropriate, regional programmes, established in accordance with paragraphs 4.1(b) and 4.2(a) of the Convention.
- and - a commitment to adopt the coordinated or common policies and measures listed in the new agreement, on the understanding that Parties will continue to retain maximum flexibility in deciding how

best, based on their national circumstances, they can reach the emission limitation and reduction objectives. Hence, for this agreement, policies and measures agreed to focus on information sharing, common underlying messages and voluntary activities. Over time, the agreement should be sufficiently flexible to allow for amendments and/or additions if so desired by Parties to this agreement.

Our submission also specifies that, in implementing those policies and measures listed in the agreement, Parties shall use existing mechanisms to the extent possible, without duplicating work in other fora.

Further, our proposal includes a provision whereby non-Annex 1 Parties are encouraged to commit themselves to those policies and measures agreed to in the legal instrument, strictly on a voluntary basis.

With respect to the specifics, Canada is proposing policies and measures in the following areas:

- 1) Energy Efficiency Standards and Labelling
- 2) Transportation
- 3) Sustainable Agriculture
- 4) Public Education
- 5) Energy Efficiency in Countries with their Economy in Transition

I will not elaborate further here on the details of the proposals. Copies of the proposed specific text to be included in a Protocol or other legal instrument are provided at the back of the room.

Thank you Mr. Chairman.

**CANADIAN SUBMISSION TO AGBM 6
ELABORATION OF POLICIES AND MEASURES IN A PROTOCOL OR OTHER
LEGAL INSTRUMENT**

General Commitments and Guiding Objectives

Parties listed in Annex 1 of the Convention [OR Annex X of this agreement] shall adopt and implement policies and take corresponding measures within national, and, where appropriate, regional programmes, established in accordance with paragraphs 4.1 (b) and 4.2 (a) of the Convention in order to mitigate climate change by limiting greenhouse gases emissions and protecting and enhancing their greenhouse gas sinks and reservoirs.

Parties listed in Annex X 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 fora.

Specific Policies and Measures

Coordinated Policies and Measures

xx) Parties listed in Annex 1 of the Convention [OR Annex X of the Protocol] commit themselves specifically as provided for in the following:

(a) Energy efficiency standards and labelling:

- (i) monitor and share information on energy efficiency levels of current and future standards for electrical appliances.*
- (ii) seek harmonization of test protocols and measurement and analytical techniques regarding energy efficiency standards for electrical appliances.*
- (iii) work together towards harmonization of energy efficiency labelling schemes for electrical appliances.*

(b) Transportation:

- (i) 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.*
- (ii) communicate and regularly update information 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.*
- (iii) implement their commitments in subparagraph 4.2(e)(ii) in 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.*
- (iv) seek voluntary agreements with manufacturers for fuel economy improvement of road vehicles. Coordination of agreements can be made at a regional and/or broader level, as appropriate.*

(c) Sustainable Agriculture:

- (i) communicate and regularly update 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.*
- (ii) encourage 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.*
- (iii) share information on national R&D programmes in sustainable agriculture.*

(d) Public Education Campaign:

cooperate in developing and delivering an international public education and awareness campaign on climate change. The message of the campaign could be based on the outcomes of the Second Assessment Report, and further reports, of the Intergovernmental Panel on Climate Change and could focus on individual consumption patterns. Each Party listed in Annex 1 of the Convention [OR Annex X] shall implement the campaign and may cooperate with any other Parties in doing so.

(e) Energy Efficiency in Countries with Economies in Transition:

(i) urge the Multilateral Development Banks (MDBs) which lend to countries with their Economies in Transition (EITs) to focus on energy efficiency, and more generally on greenhouse gas emissions abatement technologies.

(ii) place commitments and reporting obligations on MDBs. These relate to project screening for energy efficiency opportunities, procurement policy, standardization of contract, co-financing and concessionary finance, and dissemination of policy advice. Investment appraisals should also reflect greenhouse gas externalities. MDBs' commitments should also relate to capacity building, both within MDBs and countries with EIT, including training programmes and staff exchanges.

(iii) urge the Multilateral Development Banks (MDBs) which lend to countries with economies in transition to make concessionary financing available to Energy Services Companies (ESCOs) and to use performance contract models with EIT governments to finance improvements in government energy use. Annex 1 [OR Annex X] Parties shall also urge MDBs to initially focus on capacity building and in particular, to disseminate information promoting ESCOs activity within the EITs financial sector and to include performance contracting as a component of their training programmes.

Menu of Policies and Measures

In addition to coordinated actions, the protocol or other legal instrument could include a menu of policies and measures, covering all relevant activities Parties are taking to address climate change, from which other Parties could draw in implementing their domestic action plans.

Voluntary Implementation by non-Annex 1 Parties

xx) Parties not listed in Annex 1 of the Convention may [OR are encouraged to], on a voluntary basis, undertake the policies and measures noted in subparagraphs xx) to xx).

**INFORMAL SBI WORKSHOP ON
ASPECTS OF IMPLEMENTATION OF POLICIES AND MEASURES BY ANNEX I
PARTIES**

Oral report to the SBI and SBSTA by Luis Villanueva, Chairman the workshop's second session.

Mr Chairman, it is my pleasure to report back from the afternoon session of the SBI Informal Workshop which focussed on the transfer of technology and know how. This workshop was held in response to the request of SBI at its second session to convene an informal workshop focussing on implementation aspects of specific policies and measures taken by Parties. Participants made use of the opportunity to share information on different aspects of the transfer of technology and know how, from the viewpoint of Annex II Parties, Parties with economies in transition and developing countries.

The workshop included three presentations followed by three short discussion topics, from experienced and committed participants, to whom I would like to convey my personal thanks. I will now briefly summarise some highlights from the individual speakers.

The presentation from France illustrated the different approaches towards bilateral and multilateral assistance. Transfer of technology was discussed in the broader content of bilateral and multilateral cooperation. Some examples of activities implemented with different countries were reported. It was emphasised that the reduction of GHGs emissions can go together with economic development.

The presentation from Hungary highlighted the particular circumstances that countries with economies in transition are facing. A fundamental step has been the introduction of new legal instruments and sector oriented regulations which will require time for full impact. Some successful cases of technology cooperation with some Annex II Parties were described.

The presentation from Canada detailed the institutional structure of its technology transfer programmes and emphasised the importance of the private sector involvement. The primacy of the market, the role of governments, the fact that different needs require appropriate solutions and partnerships based on trust were considered as key factors. This was followed by some concrete examples of private sector/governments cooperation.

The first discussant was from Thailand who exposed the problems they were encountering in the introduction of environmentally sound technologies. In particular was stressed the need for indigenous capacity building, an environmental policy framework and the availability and dissemination of information. The still high cost of access to environmentally sound technology represents a major barrier to its adoption.

The discussant from Botswana underlined the need for appropriate cost-effective technologies which could be adapted to local conditions. He emphasised that the technology introduced must be accompanied by adequate technical support in order to be understood, accepted and welcomed. The social effects need also to be carefully addressed.

The UNIDO discussant addressed the sustainable reduction of industrial emissions which must maintain a competitive economy and recognize the implications on employment. In this regard, he stressed the importance of a supportive national policy framework.

Let me conclude, Mr Chairman, by making a few observations. First the complexity of the issue warrants further discussion. Second, it may be noted that further information from Annex II Parties will be included in the second national communications and, at the request of the COP, the secretariat has been asked to compile the information and produce a report to be submitted to the seventh session of the SBSTA. Last, the workshop provided a useful exchange of information; and I advise those delegates who were not in a position to participate to carefully study the report on this workshop, which will be made available by the secretariat next week.

Thank you Mr Chairman.

.28.02.97

Adopted

Ad Hoc Group on the Berlin Mandate
Sixth session
3 - 7 March 1997
Bonn

DRAFT TEXT BY THE CHAIRMAN

ELEMENTS RELATED TO OBJECTIVE, PRINCIPLES, REVIEW OF COMMITMENTS, EDUCATION, TRAINING AND PUBLIC AWARENESS, EVOLUTION AND ANNEXES

8:00pm, 6 March 1997

I. INTRODUCTORY ELEMENTS (Objective and Principles)

A. Objective

Proposal 1

1. As a further step towards achievement of the objective of the Convention, the Parties listed in Annex A¹ accept the need to take appropriate action for the period beyond 2000, including the strengthening of commitments, with a view to achieving a collective emission limitation and reduction objective of²

Proposal 2

2. The objective of this Protocol and any related legal instruments is the same as Article 2 of the Convention and paragraph 2 of the Berlin Mandate.³

Proposal 3

3. The objective of this Protocol is to contribute to achieving the ultimate objective provided for in Article 2 of the Convention, by incurring, to the maximum extent possible, new obligations as fairly and effectively as possible on the Parties included in Annex I to the Convention, and also by voluntary measures to be taken by all Parties including the Parties not included in Annex I to the Convention, in due consideration of Decision 1. of the first session of the Conference of the Parties to the Convention on 7 April 1995, and with due regard to the varied circumstances faced by the Parties, and of policies and measures so far implemented by them for the purpose of limiting their anthropogenic

¹ Note to reader: for an explanation of Annex A, readers are directed to paragraphs 29 and 35.

² Australia

³ Iran et al

emissions of greenhouse gases and protecting and enhancing their greenhouse gas sinks and reservoirs.⁴

Proposal 4

4. The objective of this Protocol is, in accordance with the statements of the Convention and this Protocol, to undertake in the period after 2000 future steps to achieve the ultimate objective of the Convention, as fixed in its Article 2.⁵

B. Principles

5. The largest share of historical and current global emissions of greenhouse gases has originated in developed countries, and the per capita emissions in developing countries are still relatively low and the share of global emissions originating in developing countries will grow to meet their social and development needs.

6. 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 gases should be taken fully into account.

7. Response to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate economic growth and the eradication of poverty.

8. The developed country Parties should take the lead in combating climate change and the adverse effects thereof.

9. The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and of those Parties that would have to bear a disproportionate or abnormal burden under the Protocol, should be given full consideration.

10. The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

11. Nothing in this instrument shall be interpreted in any manner that would prejudice the obligations and commitments of Annex I Parties under the Convention.

⁴ Japan

⁵ Russian Federation

12. In the implementation of the commitments in this instrument, the Parties shall give full consideration to what actions are necessary under the instrument, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impacts of the implementation of response measures, especially on: a) small island countries; b) countries with low-lying coastal areas; c) countries with arid and semi-arid areas, forested areas and areas liable to forest decay; d) countries with areas prone to natural disasters; e) countries with areas liable to drought and desertification; f) countries with areas of high urban atmospheric pollution; g) countries with areas with fragile ecosystems, including mountainous ecosystems; h) countries whose economies are highly dependent on income generated from the production, processing and export of oil; and i) land-locked and transit countries.

13. The Parties shall take into consideration in the implementation of the commitments of the instrument the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change. This applies notably to Parties with economies that are highly dependent on the production, processing and export of oil for which such Parties have serious difficulties in switching to alternatives.

14. Nothing in this instrument shall be interpreted as introducing any new commitment for non-Annex I Parties of the Convention.⁶

15. In their efforts to implement policies and measures to achieve the objective of the Convention, the Parties affirm the need to be guided by the following principles:

(a) The need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities:

(b) Ensure global benefits at the lowest possible cost through cost-effective measures that take into account different socio-economic contexts, are comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases, comprise all economic sectors, and may be carried out cooperatively by interested Parties.

(c) Equitable and appropriate contributions from each of the Parties undertaking quantified emission limitations and reduction objectives, reflecting their differences in starting points and approaches, their economic structures and resource bases, available technologies and other national circumstances.

(d) The need to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties.

⁶ Ian et al., incorporating a proposal from Iran.

16. Quantified emission limitation and reduction objectives under this Protocol shall be based on principles that constitute a basis on which further strengthening of such objectives can be facilitated as evolving scientific findings require.⁷

17. In their activities, the Parties to the Protocol are guided by the principles fixed in Article 3 of the Convention: The Protocol should not change or replace statements of the Convention, including its principles.⁸

II. REVIEW OF COMMITMENTS

Proposal 1

18. 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) above, 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.⁹

Proposal 2

19.1 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.

19.2 The first review shall be completed [y] years after the entry into force of this instrument and thereafter at intervals of [y] years¹⁰. 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.

19.3 In carrying out such reviews, the Parties shall have regard to the following:

(a) 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;

⁷ Norway

⁸ Russian Federation

⁹ AOSIS

¹⁰ *This proposal indicates that frequency of review could be greater for Economies in Transition, which face greater uncertainty in emissions projections.*

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

(c) Relevant technological developments.

19.4 At the completion of the process under paragraphs (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.

19.5 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.¹¹

Proposal 3

20.1 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.

20.2 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.

20.3 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.¹²

Proposal 4

21. Any review under a protocol or other legal instrument must be fully compatible with Article 4.2(d) on the review of adequacy of Article 4.2(a) and (b), to be undertaken by the Conference of the Parties until the objective of the Convention is met.¹³

Proposal 5

22. *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.*

¹¹ Australia

¹² EU

¹³ G-77 and China

*The Annex should be revised more flexibly than the Protocol itself.*¹⁴

Proposal 6

23. *The Protocol should provide for a review mechanism. The QELROs should be periodically revised to include new information delivered by science.*¹⁵

Proposal 7

24. The Parties shall periodically review this Protocol, and guidelines established thereunder, in light of evolving scientific knowledge related to climate change.¹⁶

III. EDUCATION, TRAINING AND PUBLIC AWARENESS

25. *The statements of Article 6 of the Convention should be used.*¹⁷

IV. EVOLUTION

Proposal 1

26. *Beyond the initial Berlin Mandate commitments to be taken by Annex I Parties, future commitments should be conditional upon the extent of participation in action to restrain emissions.*¹⁸

Proposal 2

27. The future development of the commitments of all Parties is related to the continuation and extension of those activities implemented by all Parties to promote the achievement of the ultimate objective of the Convention which are relevant to achieving sustainable progress under Article 4.1 of the Convention.¹⁹

Proposal 3

28. The Parties shall adopt, by [2005], binding provisions so that all Parties have quantitative greenhouse gas emissions obligations and so that there is a mechanism for

¹⁴ Japan

¹⁵ Switzerland

¹⁶ USA

¹⁷ Russian Federation

¹⁸ New Zealand

¹⁹ Russian Federation

automatic application of progressive greenhouse gas emissions obligations to Parties, based upon agreed criteria.²⁰

V. ANNEXES

A. Listing of Parties

Proposal 1

29. *Annex A shall list only those Parties to the instrument currently listed in Annex I of the Convention. It should, however, be regarded as open for other Parties, such as those joining the OECD, entirely at their own discretion, to seek to negotiate their entry to Annex A in accordance with the equity principles set out in Article 3.*²¹

Proposal 2

30. *Annex X would list countries to be bound by Article 2(a) - (e). The list of Parties contained in Annex X shall consist of countries which are members of the OECD and countries with economies in transition.*²²

Proposal 3

31.1 *Annex A would include the same States as those listed in Annex I of the Convention, plus those that join subsequently pursuant to Article 2.*

31.2 *Annex B would include those States not listed in Annex A that indicate before adoption of the Protocol that they want to be included in this Annex, plus those that join subsequently pursuant to Article 2.*²³

Proposal 4

32. *The Protocol would include lists of Parties in an Annex A and an Annex B.*²⁴

Proposal 5

33. *An Annex III would include developing country Parties whose economies are highly*

²⁰ USA

²¹ Australia

²² EU

²³ USA

²⁴ Russian Federation

dependent on the exploitation, production, processing and exportation of fossil fuels.²⁵

B. Policies and measures

34. *As agreed in the Chairman's text on policies and measures.*

C. QELROs

Proposal 1

35. *Annex A would also list the QELROs applicable to individual Parties or groups of Parties.²⁶*

Proposal 2

36. *Annex Y would list quantified limitation and reduction objectives for Parties in Annex X.²⁷*

D. Methodological issues

Proposal 1

37. *Annex D would contain the most recent global warming potentials (GWPs), as agreed by IPCC for greenhouse gases not covered by the Montreal Protocol.²⁸*

Proposal 2

38. *Annex C would list greenhouse gases not covered by the Montreal Protocol, with the exception of gases, or particular sources and sinks, for which there is insufficient knowledge of the GWP or inability to accurately measure emissions or removals. GWPs would be those developed by the IPCC.²⁹*

Proposal 3

39. *Annex C would set out the global warming potentials of greenhouse gases not*

²⁵ Iran et al

²⁶ Australia

²⁷ EU

²⁸ EU

²⁹ USA

controlled by the Montreal Protocol.³⁰

E. Other annexes

Proposal 1

40. *An annex to the instrument should include measures to support non-Annex I Parties in the fulfilment of their commitments and detail ways to encourage the submission of proposals from non-Annex I Parties on how best to promote the implementation of their obligations.³¹*

Proposal 2

41. *Annexes would provide detailed information desegregated by country and sector on major sources of greenhouse gas emissions, their nature and volume, the characteristics of old technologies in use, as well as their age, and a timetable for the replacement of these old technologies. Information on such sources should include details of measures being implemented to tackle greenhouse gas emissions, the expected reductions in emissions and the costs for the different sectors.³²*

³⁰ Russian Federation

³¹ Uzbekistan

³² Zaire

DRAFT TEXT BY THE CHAIRMAN

STRENGTHENING THE COMMITMENTS IN ARTICLE 4.2(a) and (b)

Quantified emission limitation and reduction objectives within specified time-frames (QELROs)

A. Introductory comments by the Chairman

Legal character

1. *All but one proposal reflected the view that the QELROs should be legally binding.*

Coverage

2. *The alternatives which follow encompass the following options:*
 - (i) *QELROs should apply to greenhouse gases not controlled by the Montreal Protocol:*
 - (a) *as a basket;*
 - (b) *as a limited basket (e.g. all gases except those for which there is insufficient knowledge of GWP or inability to measure emissions and removals; or CO₂, CH₄ and N₂O initially with HFC, PFC and SF₆ to be added no later than 2000);*
 - (c) *on a gas-by-gas basis.*
 - (ii) *QELROs should apply to CO₂ alone initially.*
3. *The alternatives also reflect a range of views on the inclusion of removals by sinks. Some Parties prefer that sinks and sources be treated equally, while other Parties have proposed alternative approaches for taking sinks into account. The coverage of all relevant sectors is also addressed.*
4. *A number of Parties addressed methodological issues relating to the basket approach including inventories, issues of equivalence between gases and global warming potentials.*
5. *These matters will need to be taken up in the context of the further consideration of the negotiating text.*

B. Atmospheric concentration

Proposal 1

6.1 *Parties should develop a common recognition of the GHGs concentration levels thought likely to result in dangerous anthropogenic interference with the climate system as defined in Article 2 of the Framework Convention on Climate Change. In this context, according to the IPCC SAR, stabilisation of atmospheric concentrations of CO₂ at twice the pre-industrial level, i.e. 550 ppm, will eventually require global emissions to be less than 50% of current levels of emissions; such a concentration level is likely to lead to an increase of the global average temperature of around 2 degrees C above the pre-industrial level. Global average temperatures should not exceed 2 degrees above pre-industrial level and that therefore concentration levels lower than 550 ppm CO₂ should guide global limitation and reduction efforts.*

6.2 *In the longer term, more sophisticated methods to allocate reduction targets shall be implemented, in accordance with the Berlin Mandate, eventually leading to convergence of emission levels based on appropriate indicators.¹*

Proposal 2

7. Parties shall cooperate in the establishment of a long-term goal with respect to atmospheric concentrations of greenhouse gases.²

C. Level and timing

Proposal 1

8. Each of the Annex I Parties shall:

(a) Reduce its 1990 level of anthropogenic emissions of CO₂ by at least 20 per cent by the year 2005; and

(b) Adopt specific targets and timetables to limit or reduce other greenhouse gases not controlled by the Montreal Protocol, including targets and timetables for methane, nitrous oxide and fluorocarbons, in accordance with a programme of additional commitments to be negotiated and adopted by the first Meeting of the Parties.³

Proposal 2

9.1 *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:*

¹ Proposal from the EU

² Proposal from the USA

³ Proposal from AOSIS

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

(b) *The Parties affirm that commitments under Part II 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 A 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 paragraphs (a) and (b) above are best met through the application of the following indicators, as elaborated in Article 4(c):*

- (i) *Projected population growth;*
- (ii) *GDP per capita growth;*
- (iii) *Emission intensity of GDP;*
- (iv) *Emission intensity of exports;*
- (v) *Fossil fuel intensity of exports.⁴*

9.2 Each of the Parties listed in Annex A shall have the QELRO listed for them in that Annex as its specific objective under this instrument for the limitation and reduction of anthropogenic emissions by sources and enhancement by sinks of all greenhouse gases not controlled by the Montreal Protocol.⁵ The range within which each Party's differentiated QELRO would fall will be between a 30% reduction from its 1990 emissions level and a

⁴ This set of indicators would be generally applicable, but other countries may wish to propose additional indicators which they consider important in capturing the different sources of economic welfare impacts across countries.

⁵ The QELROs for each of the Parties or groups of Parties listed in Annex A should be determined by a systematic process of negotiation between the Parties in accordance with guidelines to be agreed by them, which shall include the time-frame for negotiations.

40% increase over its 1990 emissions level.

9.3 The commitments of Parties as listed in Annex A 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 following indicators, recognising that the importance of each indicator varies in accordance with individual circumstances for each Party or specified group of Parties:

(a) Projected population growth: the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship⁶ to its projected population growth and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(b) Projected real GDP per capita growth: the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its projected growth of real GDP per capita and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(c) Emission intensity of GDP: the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in inverse relationship to its emission intensity of GDP. However, the strength of this relationship may be decreased, and in some circumstances reversed, according to the industry structure of the economy and the difficulty the Party has in switching to alternative fuel source. In addition, the determination of the permitted emission level under the QELRO applicable to each Annex A Party should also recognise that the higher a Party's emission intensity of GDP, all other things equal, the greater the absolute magnitude of the emission reduction task and therefore the greater the change in per capita economic welfare from mitigation. The determination should ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(d) Emission intensity of exports: the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its emission intensity of exports while taking into account the extent to which the Annex A Party's export partners comprise non-Annex A Parties. The determination should ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(e) Fossil fuel intensity of exports: the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its fossil fuel intensity of exports and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action.

⁶ A direct relationship means the higher a Party's population growth, the higher the Party's permitted emission level under the QELRO should be (all other things equal).

9.4 Regional economic integration organizations

The instrument should include provisions relating to the basis on which regional economic integration organizations (REIOs) will be able to participate in the regime of differentiated commitments established by the instrument. For example, consideration will need to be given to how to make provision for the implications of enlargement of REIOs, notification by an REIO of the respective competencies of it and its member States in relation to the subject matter of the instrument, in the case of collective implementation, notification of apportionment of responsibility amongst member States and, in the event that individual members as well as the REIO are Parties, liability for performance of obligations.⁷

Proposal 3

10.1 Annex X Parties, individually or jointly, in accordance with the Berlin Mandate, shall reduce emission levels for CO₂, CH₄ and N₂O together (weighted total, using GWP with a 100 year time-horizon), by r % by 2005 and by 15% by 2010 (reference year 1990).

10.2 In the longer term more sophisticated methods to allocate reduction targets shall be implemented, in accordance with the Berlin Mandate, eventually leading to convergence of emission levels based on appropriate indicators.

10.3 The gases HFC, PFC and SF₆ will be added no later than 2000 to the basket of gases for the above reduction objectives, but policies and measures to reduce emissions of these gases will have to be included in the Protocol.⁸

Proposal 4

11.1 The Parties listed in Annex I of the Convention shall cooperate to ensure that their total aggregate [annual average] net emissions of greenhouse gases for the first period [20..-20..] is [] % lower than their total aggregate emissions of greenhouse gases for [19..] [the period 19.. - 19..].

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

11.3 [Further periods, as agreed]

11.4 To achieve the objectives described in this Article, the Parties recognise the need to take into account the differences in starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth,

⁷ Proposal from Australia

⁸ Proposal from the EU

available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each developed country Party listed in Annex I of the Convention. Therefore, the allocation of emission limitation and reduction objectives for each of the Parties listed in Annex I of the Convention shall be based on the following indicators calculated for each Party [to be applied on their projected net emissions of greenhouse gases]⁹, and adjusted in accordance with other national circumstances:

- (a) An indicator reflecting emission intensity, defined as CO₂ equivalent emissions per unit of GDP (Gross Domestic Product);
- (b) An indicator reflecting level of GHG 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;
- (e)

11.5 The quantified emission limitation and reduction objective for each developed country Party listed in Annex I of the Convention on the basis of the provisions of this Article, are set out in Annex A to this Protocol.¹⁰

Proposal 5

12.1 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 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.

12.2 The Meeting of the Parties entrusts a study on anthropogenic emissions of greenhouse gases, other than CO₂ 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 to limit and reduce emissions of such greenhouse gases 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

⁹ The text within the square brackets is proposed by Norway only.

¹⁰ Proposal from Iceland and Norway

possible not to increase its emissions of such greenhouse gases.¹¹

Proposal 6

13.1 The developed country Parties and other Parties included in Annex A of the Protocol commit themselves to maintain, individually or jointly, their average annual levels of net anthropogenic emissions of 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.

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

13.3 The developed country Parties and other developed Parties included in Annex B 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 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].

13.4 In order to provide each Annex A and Annex B Party with necessary flexibility in the implementation of its commitments fixed in Article 4.1.1 of this Protocol, each Annex A and Annex B 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 A or Annex B 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.

13.5 In order to provide each Annex A and Annex B 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.¹²

Proposal 7

14.1 *As a first step, the global objective of the Protocol would be a 10 per cent reduction of the total greenhouse gas emissions of Annex I Parties by the year 2010 compared to 1990 levels.*

¹¹ Proposal from Japan

¹² Proposal from the Russian Federation

14.2 Countries should be grouped in categories differentiated by increments of 5 tons of annual CO₂ equivalent emissions per capita. The first category should 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 should receive the same QELROs, starting, for the first category, with an emission cap (stabilization at 1990 levels beyond the year 2000).

14.3 Legally binding QELROs should be fixed for each Annex I Party.¹³

Proposal 8

15.1 Emission reduction commitments should be based on a cumulative emissions basis¹⁴, ideally for all Annex I Parties but at a minimum as an option for those Annex I Parties seeking to implement mechanisms that allow flexibility.

15.2 Parties who have established their commitments on a cumulative basis and that, in one time period, have emissions lower than their commitments for that time period, should be able to carry forward such emission reduction 'overachievement' to a future period.

15.3 IPCC inventory methodologies, approved by the Conference of the Parties of the Convention as recommended by SBSTA, should form the basis of determining compliance with Parties' emission limitation and reduction commitments.

15.4 Annex I Party commitments for a given time period could be met through a combination of a Party's cumulative emissions in that time period (as measured by emission inventories), less any cumulative emissions 'overachievement' banked from a previous period, plus trading of commitments between countries who have legally binding emission limitation and reduction commitments. Comparison of inventory results with national commitments would determine opportunities for trading. Inventory 'adjustments' would be positive for one Party and negative for the other.

15.5 Decisions on the means and criteria by which Annex I Parties might 'adjust' their inventories in relation to joint implementation projects conducted with Parties who do not have legally binding commitments should be included in the instrument.¹⁵

15.6 The allocation of commitments for the post-2000 period should be based on a five year average of base emissions.¹⁶

¹³ Proposal from Switzerland

¹⁴ The practical application of a cumulative emissions basis would be for commitments to amount to averages over defined periods by comparison with some base year (or period).

¹⁵ Proposal from New Zealand et al

¹⁶ Proposal from New Zealand

Proposal 9

16.1 Each Annex A¹⁷ and Annex B¹⁸ Party shall ensure that its net anthropogenic emissions of greenhouse gases do not exceed its emissions budget for any applicable budget period, as specified in this Article.

16.2 For each Annex A and Annex B Party, its emissions budget shall be denominated in tonnes of carbon equivalent emissions allowed and shall equal:

- (a) The tonnes of carbon equivalent emissions it is allowed under paragraph 3 or 4 below; plus
- (b) Any tonnes of carbon equivalent emissions allowed that are carried over from a prior budget period under paragraph 5 below; plus
- (c) Up to [_ percent] of the tonnes of carbon equivalent emissions allowed under paragraph 3 or 4 below, such as may be borrowed from the subsequent budget period under paragraph 6 below; plus
- (d) Any tonnes of carbon equivalent emissions allowed that are acquired from another Party under Article 6 (international emissions trading) or Article 7 (joint implementation); minus
- (e) Any tonnes of carbon equivalent emissions allowed that are transferred to another Party under Article 6 (international emissions trading).

16.3 (a) For the first budget period, [20_ through 20_], each Annex A Party shall have a number of tonnes of carbon equivalent allowed equal to [a percentage of] its net anthropogenic emissions of tonnes of carbon equivalent in 1990, multiplied by [the number of years in this budget period].

(b) For the second budget period, [20_ through 20_], each Annex A Party shall have a number of tonnes of carbon equivalent emissions allowed equal to [a percentage equal to or less than the percentage in subparagraph 3(a) above] of its net anthropogenic emissions of tonnes of carbon equivalent in 1990, multiplied by [the number of years in this budget period].

(c) [*Possible subsequent budget period(s)*].

16.4 For the budget period [20 through 20_], each Annex B Party shall have a number of tonnes of carbon equivalent emissions allowed equal to [*options for Annex B Parties*]

¹⁷ In this proposal, Annex A would include the same States as those listed in Annex I of the Convention, plus those that join subsequently pursuant to Article 2.

¹⁸ In this proposal, Annex B would include those States not listed in Annex A that indicate before adoption of the Protocol that they want to be included in this Annex, plus those that join subsequently pursuant to Article 2.

include: budget periods, base years, and/or percentages different from those applicable to Annex A Parties].

16.5 At the end of a budget period applicable to a Party, any amount by which the Party's emissions of tonnes of 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.

16.6 At the end of a budget period applicable to a Party, any amount of tonnes of 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 period.

16.7 [*Provision requiring control of greenhouse gases not listed in Annex C*].¹⁹

Proposal 10

17. Annex I Parties that return greenhouse gas emissions to 1990 levels by the year 2000 would reduce emissions by 10 per cent by 2005, by 15 per cent by 2010 and by 20 per cent by 2020. Annex I Parties that fail to return greenhouse gas emissions to 1990 levels by the year 2000 would reduce emissions by 15 per cent by 2005, 20 per cent by 2010 and 25 per cent by 2020.²⁰

Additional proposals with respect to QELROs

18. *Quantified legally binding QELROs should be promoted in the negotiations on the understanding that flexibility elements including location and temporal opportunities, are available to Parties to meet their objectives. Parties shall co-operate in the establishment of QELROs that are credible, realistic, verifiable, enforceable and can be achieved cost-effectively. Further consideration should be given to multi-year targets and base-lines.*²¹

19. *The base year for the obligations of Annex I Parties in the new instrument should be that established by the Convention under Article 4.2(b) and Decision 9/CP.2, para. 4.*²²

20.1 *The commitments in Article 4.2. (a) and (b) of the FCCC, for developed country/other Parties included in Annex I, should be strengthened by:*

- (i) *Identifying achievable QELROs for annex I Parties according to the Berlin mandate within specified time frames such as 2005, 2010, and 2020.*
- (ii) *Identifying the degree of flexibility in achievable QELROs for annex I Parties, "taking into account the differences in starting points ... and other*

¹⁹ Proposal from the USA

²⁰ Proposal from Zaire

²¹ Proposal from Canada

²² Proposal from Poland et al

individual circumstances" (Berlin Mandate).

- (iii) *Ensuring that the necessary policies, measures and QELROs to be adopted by the Parties and to be applied by Annex I, will have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the FCCC.*

20.2 *Furthermore, opposition was expressed to the introduction of any Annexes which may engage non Annex I Parties in undertaking any new commitments in a Protocol or another legal instrument. Paragraph 211 of the framework compilation lays out this position on annexes, and would be further elaborated.*²³

21. *QELROs have to be selected for Annex I Parties in such a time-frame and quantity as will neither affect the international trade system nor the national income of developing countries, particularly fossil fuel exporting developing countries[, and those for which such Parties have serious difficulties in switching to alternatives]*^{24, 25}

22. *Targets should focus on achieving the longer term primary objective of the Convention of stabilising the atmospheric concentration of greenhouse gases, but should also include intermediate milestones of progress. An emissions envelope should be adopted, initially for Annex I Parties, which minimizes overall abatement costs through time, consistent with the long-term goal of stabilizing the atmospheric concentration of greenhouse gases. An individual Party's commitments could be specified as proportional shares of any emissions envelope to facilitate future adjustment.*²⁶

Additional proposals with respect to differentiation

23. *Each Annex I Party should choose specific QELROs according to particular differentiation criteria. Such criteria could be as follows:*

- (a) *Economic growth (GDP);*
- (b) *Historical share of greenhouse gas emissions;*
- (c) *Dependency on income from fossil fuels;*
- (d) *Access to sources of renewable energy;*
- (e) *Defence budget;*
- (f) *Population growth;*

²³ Proposal from the G-77 and China

²⁴ Central African Republic

²⁵ Proposal from Iran

²⁶ Proposal from New Zealand

Handwritten note:
 - proposal from the G-77 and China
 - proposal from the Central African Republic
 - proposal from Iran
 - proposal from New Zealand

- (g) *Special circumstances;*
- (h) *Share in international trade.²⁷*

24. *Each Annex I Party should have some flexibility in adopting QELROs. The following criteria should be used for this purpose:*

- (a) *GDP per capita;*
- (b) *Contribution to global emissions;*
- (c) *Emissions per capita and/or emission intensity of GDP.²⁸*

25.1 *The following three principles set forth in the Convention should be reflected in the elaboration of QELROs in a balanced way:*

- a) *Burden sharing, based on equity and common but differentiated responsibilities and respective capabilities (Articles 3.1 and 3.2);*
- b) *Cost effectiveness (Article 3.3);*
- c) *Harmony with economic development and an open international economic system (Articles 3.4 and 3.5).*

25.2 *A set of qualitative QELROs (Q-QELROs) could also be devised to enhance the sustainability of economic growth in terms of greenhouse gas emissions. Each Annex I Party could set a target to improve the elasticity of greenhouse gas emissions in terms of GDP and implement a variety of policies and measures, including the improvement of energy use efficiency, etc.*

25.3 *Possible formats for QELROs include the following:*

- a) *The concept of 'equal right solution' could be applied to embody the principle of equity and common but differentiated responsibilities. Each individual person could have an equal right to the emission of greenhouse gases, leading to the fair distribution of rights amongst all the Annex I Parties according to cumulative emissions of greenhouse gases since the industrial revolution to a certain target year. This principle could be further elaborated and applied to obtain equity in burden sharing in the future.*
- b) *The concept of 'equal capability solution' could be applied to embody the principle of respective capabilities. Each Annex I Party could share the burden regarding emission reduction according to its capability, so that Parties with the same capabilities would share equal emission reduction burdens. Per capita GDP could be used, inter alia, as an indicator of capability.*

²⁷ Proposal from Iran

²⁸ Proposal from Poland et al

c) *The principle of harmony with economic development could be applied by differentiating QELROs on the basis of elasticity of greenhouse gas emissions in terms of GDP. Burden sharing amongst Annex I Parties would thus be determined according to the inverse elasticity of greenhouse gas emissions. A country with a higher elasticity of greenhouse gas emissions would therefore share a lower burden in greenhouse gas emission limitation.*²⁹

D. Flexibility

Economies in transition

26. A certain degree of flexibility should be allowed to Annex I Parties with economies in transition comparable to the stipulation in Article 4.6 of the Convention.³⁰

27. A certain degree of flexibility should be allowed to the group of countries with economies in transition for the period of their economic stabilization, taking 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 of 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 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 Gross Domestic Product per capita of Annex B Parties.³¹

28. Annex I Parties with economies in transition would not be subject to emission reduction targets, but would implement national policies and measures to limit emissions of greenhouse gases.³²

Emissions trading

Proposal 1

29. Commitments shall be fulfilled individually and not through coordinated actions, including trade in emission permits.³³

²⁹ Proposal from the Republic of Korea

³⁰ Proposal from Germany

³¹ Proposal from the Russian Federation

³² Proposal from Zaire

³³ Proposal from Iran et al

Proposal 2

30.1 An Annex A or Annex B Party that is in compliance with its obligations under Article 3 (measurement and reporting) and that has in place a national mechanism for certification and verification of trades, may transfer to, or receive from, any Annex A or Annex B Party, any of its tonnes of carbon equivalent emissions allowed for a budget period, for the purpose of meeting its obligations under Article 2.

30.2 A Party may authorize any domestic entity (for example government agencies, private firms, non-governmental organizations, individuals) to participate in actions leading to transfer and receipt under paragraph 1 above of tonnes of carbon equivalent emissions allowed.

30.3 A meeting of the Parties may further elaborate guidelines to facilitate the reporting of emissions trading information.³⁴

Additional comments

31. Trading of commitments between Parties who have legally binding emission limitation and reduction commitments should be introduced.³⁵

32. Parties should be allowed to trade and bank emission reductions. Anyone should be allowed to trade subject to clear accountability requirements.³⁶

Joint implementation (JI)

Proposal 1

33. Commitments shall be fulfilled individually and not through coordinated actions, including joint implementation.³⁷

Proposal 2

34.1 Parties listed in Annex X may implement such policies and measures as set out in Article 2(b) above and attain such limitation and reduction objectives in greenhouse gases as set out in Article 2(c) above jointly with other Parties listed in Annex X and Parties that have made a notification under Article 2(f) below of intention to be bound by commitments on emission limitation and reduction objectives under Article 2(c) above. Rules governing joint implementation with these Parties should be part of the Protocol.

³⁴ Proposal from the USA

³⁵ Proposal from New Zealand et al

³⁶ Proposal from New Zealand.

³⁷ Proposal from Iran et al

34.2 The Conference of the Parties shall take decisions regarding criteria for joint implementation with other Parties at a future session.^{38 39}

Proposal 3

35.1 In order to fulfil their commitments under the Protocol, any two Parties, or a group of Parties, to the Protocol may jointly, on the territory of one or several Parties, undertake concrete projects aimed at limiting net anthropogenic emissions of greenhouse gases in any sector of the economy (joint implementation projects).

35.2 Parties participating in joint implementation projects, on the basis of joint agreement and in accordance with their contributions to the projects, have the right to share among themselves the results of the greenhouse gas emission reduction and/or sink enhancement (in terms of tonnes of carbon equivalent) achieved by the projects. These are then taken into account in the implementation of their commitments under the Protocol.

35.3 Joint implementation projects can be implemented by Parties included in Annex A and B, as well as by Parties included in Annex A or B, and other Parties to the Protocol.⁴⁰

Proposal 4

36.1 All Parties to the Protocol may fulfil part of their obligation to reduce emissions of greenhouse gases through JI of mitigation measures. JI may contribute up to 50 per cent to meeting the reduction obligation of each Party. The appropriateness of this limit should be reviewed periodically and amended as necessary, taking into account both the environmental effectiveness and economic efficiency of the JI instrument.

36.2 JI among Parties to the Protocol may begin after the pilot phase in the year 2000 as soon as they have agreed on modalities for emission crediting.

36.3 JI between Parties to the Protocol and other Parties to the Convention may also take place on a voluntary basis to meet the commitments of Parties to the Protocol according to paragraph 1. The respective criteria shall be consistent with decisions taken on JI under the Convention.⁴¹

Proposal 5

37.1 Any Party that is neither in Annex A nor B may generate tonnes of carbon equivalent emissions allowed through projects that meet the criteria set forth in paragraph 2.

³⁸ As soon as Parties to the Convention have taken a decision on the pilot phase of activities implemented jointly (AIJ) in accordance with Decision 5/CP.1.

³⁹ Proposal from the EU

⁴⁰ Proposal from the Russian Federation

⁴¹ Proposal from Switzerland

37.2 In addition to any criteria adopted by the Parties to this Protocol, the following criteria shall apply to projects:

(a) 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;

(b) Projects must provide a reduction in emissions that is additional to any that would otherwise occur.

37.3 *[Additional provisions to be added on calculation, measurement, monitoring, verification, review and reporting.]*

37.4 Any Party that generates tonnes of carbon equivalent emissions allowed consistent with this Article may:

(a) Hold such tonnes of carbon equivalent emissions allowed; or

(b) Transfer any portion thereof to any Party.

37.5 An Annex A or Annex B Party may acquire tonnes of carbon equivalent emissions allowed under this Article for the purpose of meeting its obligations under Article 2, provided it is in compliance with its obligations under Article 3 (measurement and reporting).

37.6 A Party may authorize any domestic entity (for example government agencies, private firms, non-governmental organizations, individuals) to participate in actions leading to generation, transfer and receipt under this Article of tonnes of carbon equivalent emissions.

37.7 Any Party that is neither in Annex A nor Annex B that generates or acquires tonnes of carbon equivalent emissions allowed under this Article shall notify the secretariat annually of the quantity, origin and destination of such tonnes.⁴²

Additional comments

38. *Emission reduction should basically be carried out within each Party's own territory. With regard to CO₂ emission reduction commitments in the period after 2000, a certain portion yet to be determined may be met through joint implementation, whereby a significant part of the commitments must be met through measures within each Party's own territory.^{43 44}*

⁴² Proposal from the USA

⁴³ This in principle also applies to commitments regarding other greenhouse gases.

⁴⁴ Proposal from Germany

Each party's own territory

39. *JI could be combined with a QELROs system based on cumulative emissions and emissions banking.*⁴⁵

40. *JI can serve as an instrument to allow technology transfer to take place on a more beneficial basis.*⁴⁶

Further Proposals

41. **Article 8: Cooperative efforts by interested Parties.**

(a) Any Party listed in Annex I of the Convention that is in compliance with its obligations under Article 4 ("Quantified emission limitation and reduction objectives for developed country Parties listed in Annex I of the Convention"), and has in place a national mechanism for certification, verification and accounting of transfer between Parties listed in Annex I of 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 of 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 4 ("Quantified emission limitation and reduction objectives for developed country Parties listed in Annex I of the Convention").

(b) Any Party not listed in Annex I of 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 4 ("Quantified emission limitation and reduction objectives for developed country Parties listed in Annex I of the Convention") for such Parties which are in compliance with their obligations.⁴⁷

⁴⁵ Proposal from New Zealand

⁴⁶ Proposal from Uzbekistan

⁴⁷ Proposal from Norway. Title included for ease of reference.

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

Proposal 1

42. *The commitments in Article 4.2(a) and (b) of the Convention for developed country/other Parties included in Annex I should be strengthened by establishing a concrete compensation mechanism for damage arising from implementation of response measures on developing countries referred to in Article 4.8, in order to provide them with the necessary safeguards.*⁴⁸

Proposal 2

43.1 [A compensation mechanism shall be established to compensate social and economic losses arising from implementation of the present instrument sustained by 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 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 shall be replenished biannually. These contributions, being compulsory upon Annex I Parties, shall be paid directly to the affected claimant developing country Party/Parties.

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

43.3 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

⁴⁸ Proposal from the G-77 and China

production and export that likely would have been incurred by the claimant in connection with lost exports.

43.4 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.

43.5 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 I.⁴⁹

43.6 *Provisions that may be proposed later concerning the establishment of a compensation mechanism, arbitration of claims and alternatives to such arbitration should be inserted.*⁵⁰

Comment

44. *Ways to reduce the possible negative economic, social and ecological impact on developing countries of new commitments for Annex I Parties should be explored. The IPCC could assist in making recommendations on this matter.*⁵¹

F. Measurement, reporting and communication of information

Proposal 1

45.1 Each of the Annex I Parties shall communicate to the Meeting of the Parties, through the secretariat, the following information:

(a) A detailed description of the policies, programmes and measures it has undertaken to implement its commitments under Articles 2 to 4 above; and

(b) A specific estimate of the effects that these policies, programmes and measures will have on anthropogenic emissions by its sources and removals by its sinks of greenhouse gases.

45.2 Each of the Annex I Parties shall also provide information on the full costs and benefits of the policies and measures described in subparagraphs (a) and (b), and indicate 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.

⁴⁹ Proposals from Iran et al, Kuwait and Nigeria. Wording differences indicated in brackets.

⁵⁰ Proposals from Kuwait, Nigeria

⁵¹ Proposal from Uzbekistan

45.3 Each of the Annex I Parties shall make its initial communication within one year of the entry into force of the Protocol for that Party. The frequency of subsequent communications shall be determined by the first Meeting of the Parties.⁵²

Proposal 2

46. Each Party listed in Annex A shall include its National Action Plan in its national communication submitted under Article 12 of the Convention, together with any other information required to be submitted under this instrument. Copies of such documents shall be submitted, through the secretariat, to both the Conference of the Parties to the Convention and the Meeting of the Parties.⁵³

Proposal 3

47.1 Parties listed in Annex X shall include in communications under Article 12 of the Convention a detailed description of the policies and measures adopted and implemented to meet the commitments under Articles 2(a) to 2(c) above, specific estimates of their effects and, as appropriate, their costs, and resulting projected anthropogenic emissions.

47.2 Parties listed in Annex X shall submit an initial communication within six months of the entry into force of the Protocol for that Party. Each Party not so listed shall make its initial communication within three years of the entry into force of the Protocol for that Party. The frequency of subsequent communications by all Parties shall be determined by the Conference of the Parties at its sixth and subsequent sessions.

47.3 Such communications shall include 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^{54, 55}

Proposal 4

48. Existing review/assessment mechanisms in the Convention relating to the implementation of commitments shall be applicable to commitments made under Article 4.2(a) and (b), and reaffirmed and continued under Article 4.1, respectively.⁵⁶

⁵² Proposal from AOSIS

⁵³ Proposal from Australia

⁵⁴ Since the new commitments would have to be accompanied by substantial and mandatory reporting commitments, appropriate parts of Article 12 of the Convention could be carried over into the Protocol as such. Additions to the "Guidelines for the preparation of National Communications by Annex I Parties" consistent with the control schedule will also have to be made.

⁵⁵ Proposal from the EU

⁵⁶ Proposal from the G-77 and China

Proposal 5

49.1 Each Annex [I][-] 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 _ and _ [*on commitments for 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)[above], 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 _ [*on time-frames for achieving QELROs*].

49.2 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 paragraph 1(a) 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 _ and _ [*on commitments for 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 _ [*on time-frames for achieving QELROs*] and in Article _ [*on time-frames for compliance with commitments to adopt or implement 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 _] [*on commitments for QELROs and policies and measures*].

49.3 Information communicated by Parties pursuant to paragraph 1 shall be transmitted by the secretariat as soon as possible to each of the Parties to the Convention.

49.4 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 1 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 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.

49.5 Notwithstanding any other provision of this Protocol, the provisions of Articles _ [and _] [*on commitments for QELROs and policies and measures*] shall expire and shall cease to have further force or effect if any one or more Annex _ 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 _ Parties:

(a) Shall fail to submit in any one year a communication or a certification as required by paragraph 1; 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 1, and/or the report of any in-depth review prepared pursuant to paragraph 3 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 _ [*on commitments for QELROs*].⁵⁷

⁵⁷ Proposal from Iran et al, Kuwait and Nigeria. Brackets indicate differences in wording.

Proposal 6

50. Each Party included in Annex I to the Convention shall submit, to the secretariat, its initial information including the following elements within six months from the closure of the first session of the Meeting of the Parties, or within 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 Meeting of the Parties. The frequency of subsequent submissions by all Parties shall be determined by the Meeting of the Parties, taking into account the differentiated timetable for the initial submission set by this paragraph:

- (a) Its quantified objective selected under Article 3;
- (b) Its national plan made under Article 5;
- (c) Its policies adopted and its measures taken under Article 4;
- (d) Its voluntary goals established by the use of the indicators referred to in Article 4, paragraph 3 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 4, paragraph 3 if the policies and measures referred to in subparagraph (c) above have been completed; and
- (e) Projection until around the middle of the twenty-first century of anthropogenic emissions by sources and removals by sinks of CO₂.⁵⁸

Proposal 7

51. Article 9: Communication of information.

- (a)
- (b) Each Party to this Protocol listed in Annex I of the Convention shall include in its National Communication pursuant to Article 12 of the Convention detailed information on any emission reductions or sink enhancements received from another Party in accordance with Article 8 ("Cooperative efforts by interested Parties").⁵⁹

Proposal 8

52.1 Each Annex A Party shall submit its first communication relating to the Protocol in one year after its entry into force for that Party. Time frames for the submission of subsequent communications should be determined at a later date.

52.2 Guidance documents for the communication of information relating to the Protocol

⁵⁸ Proposal from Japan

⁵⁹ Proposal from Norway

and its review should be developed.⁶⁰

Proposal 9

53. The provisions of the Convention as well as the existing relevant decisions adopted by the Conference of the Parties would apply mutatis mutandis. Parties to the Protocol should 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.⁶¹

Proposal 10

54.1 Each Annex A and Annex B 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.

54.2 For the purposes of implementing paragraph 1 and promoting comparability, consistency and transparency, the Parties shall, not later than their second meeting, decide on minimum standards for the measurement of anthropogenic emissions by sources, and removals by sinks, of greenhouse gases.

54.3 Each Annex A and Annex B 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.

54.4 Each Annex A and Annex B Party shall submit to the secretariat, as part of its communication under Article 12 of the Convention, information on its implementation of this Protocol, including policies and measures it is taking to meet its obligations in Article 2. Such submission shall be 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. Such submission shall also contain the following information:

(a) Once the obligation in paragraph 1 above becomes effective, a description of the national measurement system that it has in place;

(b) Once the obligation in paragraph 1 above becomes effective, the results of its national measurement system;

(c) A quantitative projection of its net anthropogenic emissions of greenhouse gases through the budget periods; and

(d) A description of relevant national compliance and enforcement programmes it has in place pursuant to paragraph 3 above, as well as a description of their effectiveness, including actions taken in cases of non-compliance with national law.

⁶⁰ Proposal from the Russian Federation

⁶¹ Proposal from Switzerland

54.5 In addition to the information required to be submitted under paragraph 4, each Annex A and Annex B Party shall submit to the secretariat, on an annual basis and in accordance with the guidelines referred to in paragraph 4, its current calculation corresponding to each of the subparagraphs in Article 2.2 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 Articles 6 or 7, the Party shall specify the quantity, Party of origin or destination, and the relevant budget period.

54.6 The first of the submissions referred to in paragraph 5 shall be part of a Party's first communication that is due after the Protocol has been in force for that Party for two years. The frequency of subsequent submissions shall be determined by the Parties.

54.7 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.

54.8 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.⁶²

Comment

55. *The instrument should use the same reporting channel and procedural methods as the Convention.*⁶³

G. Voluntary application of commitments by non-Annex I Parties

Proposal 1

56. Any Party not included in Annex I of the Convention that has expressed its intention to be bound by Article 4.2(a) and (b) of the Convention in accordance with Article 4.2(g) of the Convention, may in its instrument of ratification, acceptance, approval or accession to this Protocol, or at any time thereafter, notify the Depositary that it intends to be bound by Articles 3 to 5 of this Protocol. The Depositary shall inform the other signatories and Parties of any such notification.⁶⁴

Proposal 2

57. Any Party not listed in Annex X may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by some or all of the commitments under Article 2(b) above to adopt and implement specific policies and measures in Annexes A, B or C, and/or that it intends to

⁶² Proposal from the USA

⁶³ Proposal from Iran

⁶⁴ Proposal from AOSIS

be bound by commitments on emissions limitation and reduction objectives under Article 2(c) above. The Depositary shall inform the other signatories and Parties of any such notification. Any Party not listed in Annex X making a notification in relation to Article 2(b) and/or Article 2(c) shall be bound by commitments regarding communication of information relating to implementation under Article 2(e) above, as relevant.⁶⁵

Proposal 3

58.1 The Parties not included in Annex I to the Convention are encouraged to voluntarily submit information including the elements referred to in Article 6, paragraph 1.

58.2 If a Party not included in Annex I to the Convention draws up a concrete inventory of technologies which it hopes to introduce and a concrete programme of countermeasures against global warming through introduction of such technologies, the Meeting of the Parties may request the entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention to give priority to providing any financial assistance necessary for such a voluntary programme.⁶⁶

Proposal 4

59. Any Party which is not listed in Annex I may declare through the Depositary its will to be bound by the provisions of Article 4.2 (a) and (b) of the Convention, and to be included in Annex I. Such Parties may also declare the base year chosen for their obligations. For Parties which have made such a declaration after COP 2, the base year may be different than for Annex I Parties under the Convention, for example 1995 or 2000.⁶⁷

Proposal 5

60.1 Any State not listed in Annex A may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by the obligations of Annex A Parties. It will then be an Annex A Party. The Depositary shall inform the other signatories and Parties of any such notification.

60.2 Any State not listed in Annex A may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by the obligations of Annex B Parties. It will then be an Annex B Party. The Depositary shall inform the other signatories and Parties of any such notification.⁶⁸

⁶⁵ Proposal from the EU

⁶⁶ Proposal from Japan

⁶⁷ Proposal from Poland et al

⁶⁸ Proposal from the USA

Ad Hoc Group on the Berlin Mandate
Sixth session
3 - 7 March 1997
Bonn

DRAFT TEXT BY THE CHAIRMAN

4:00 pm, Wednesday 5 March 1997

STRENGTHENING THE COMMITMENTS IN ARTICLE 4.2(a) and (b)

Policies and measures

Alternative 1 ¹

1. The Parties listed in Annex I to the Convention shall adopt coordinated policies and measures to assist implementation of their commitments, to combat climate change and the adverse effects thereof. The adoption of such policies and measures shall be based on the advice provided by the coordination mechanism established pursuant to Article 4.

Alternative 2 ²

2. Each Party listed in Annex A shall prepare a National Action Plan (NAP) to facilitate implementation of its commitments under Article 4, which shall include national policies and measures for the mitigation of climate change, aimed at limiting anthropogenic emissions of greenhouse gases and protecting and enhancing greenhouse gas sinks and reservoirs. Each NAP shall contain a detailed description of those policies and measures and a specific estimate of the effects that they will have on anthropogenic emissions by sources and removal by sinks of greenhouse gases, together with performance indicators by which each Party could demonstrate its performance in implementing those policies and measures.

¹ AOSIS

² Proposal from Australia

Alternative 3³

3. Parties listed in Annex I of the Convention [OR Annex X of this agreement] shall adopt and implement policies and take corresponding measures within national, and, where appropriate, regional programmes, established in accordance with paragraphs 4.1 (b) and 4.2 (a) of the Convention in order to mitigate climate change by limiting greenhouse gases emissions and protecting and enhancing their greenhouse gas sinks and reservoirs.

4. Parties listed in Annex X 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.

5. 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 fora.

Alternative 4⁴

6. Parties listed in Annex X⁵ shall adopt and implement policies and take measures within national and, where appropriate, regional programmes referred to in Article 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.

7. Parties listed in Annex X shall adopt and implement the policies and measures set out in List A.

8. Parties listed in Annex X shall give high priority to the adoption and implementation of the policies and measures set out in List B, and shall work towards their early coordination, by applying the guidance set out in the List.

³ Proposal from Canada

⁴ Proposal from Netherlands on behalf of the European Community and its member States

⁵ The list of Parties contained in Annex X shall consist of countries which are members of the OECD and countries with economies in transition.

9. Parties listed in Annex X shall give the policies and measures in List C priority for inclusion in national programs, as appropriate to national circumstances.

Alternative 5 ⁶

10. In order to reduce the emissions of greenhouse gases, there are a number of alternatives, inter alia:

- (a) Energy prices shall be allowed to reach a reasonable level;
- (b) Removal of subsidies on coal as the most polluting source of energy;
- (c) Promotion and development of renewable sources of energy, including solar, nuclear and biomass, and ensuring that all countries have access to related material, equipment and technology through removal of all restrictions;
- (d) Enhancement of sinks through reforestation and combating desertification, and establishing regulations for sustainable forest woods use;
- (e) Exchange of climate change technology know-how among different countries.

Alternative 6 ⁷

11. Each Party included in Annex I to the Convention, in order to achieve the quantified objective referred to in Article 3, paragraph 1 and to implement Article 3, paragraph 2, shall adopt appropriate policies and take 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 Proposal from Iran

⁷ Proposal from Japan

12. The policies and measures in each area referred to in paragraph 1 above shall be included in a list to this Protocol.

13. The Meeting of the Parties shall, at its first session, decide on indicators regarding the policies and measures referred to in paragraph 1 above, in order to achieve the quantified objective referred to in Article 3, paragraph 1 and to implement Article 3, paragraph 2. Each Party included in Annex I to the Convention shall establish voluntary goals measured in these indicators.

14. Each Party included in Annex I to the Convention shall make its national plan of the limitations and reductions of anthropogenic emissions by sources and the increments of removals by sinks of greenhouse gases not controlled by the Montreal Protocol, in order to achieve the quantified objective referred to in Article 3, paragraph 1 and to implement Article 3, paragraph 2.

15. Parties could further promote relevant research projects, such as the work of the Common Action Project of the OECD/IEA. (note: list to be developed)

Alternative 7⁸

16. Common action may be appropriate in certain areas.

17. Areas in which common action may be appropriate, include:

(a) The phasing out of fossil fuel subsidies. ~~This could be introduced as a compulsory measure;~~

(b) The treatment of international aviation and marine bunker fuels;

(c) ~~Protocols for emissions trading.~~

Alternative 8⁹

18. A detailed list of possible policies and measures to be implemented by Annex A and Annex B Parties is contained in List D of the Protocol.

19. Each Annex A and Annex B Party determines its policy directions and measures from this list, in accordance with the list in List C, and these are then declared in its national communications. Under this procedure, such policies and measures become mandatory for the Parties.

⁸ Proposal from New Zealand

⁹ Proposal from Russian Federation

20. On the basis of policies and measures determined by Annex A and Annex B 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 this group of Parties. (note: List D is to be added)

Alternative 9 ¹⁰

21. *No text on policies and measures.*

Alternative 11
 ... will submit ...
 ...
 ...
 ...

¹⁰ Proposal from United States of America

General proposals

22. The commitments in Article 4.2(a) and (b) of the Convention for developed country/other Parties included in Annex I shall be strengthened by: (a) Identifying policies and measures for Annex I Parties which will contribute to limiting and reducing emissions by sources and protecting and enhancing sinks and reservoirs of greenhouse gases and will identify environmental and economic impacts and the results that could be achieved with regard to time horizons such as 2005, 2010 and 2020; (b) The necessary policies and measures to be adopted and shall ensure that these will have no adverse impacts on socio-economic conditions of developing country Parties especially those listed in Article 4.8 of the Convention.¹¹

23. Each Party has a right to apply policies and measures compatible with its national development programmes so long as they are not harmful to the development of developing countries, particularly fossil fuel exporting developing countries, and are cost effective.¹²

24. Commitments shall be fulfilled individually and not through coordinated actions.¹³

~~25. Policies and measures shall be cost effective.~~¹⁴

26. Parties not listed in Annex I of the Convention [may][are encouraged to], on a voluntary basis, undertake the policies and measures noted in subparagraphs xx) to xx).¹⁵

¹¹ Proposal from Costa Rica on behalf of the Group of 77 and China

¹² Proposal from Iran

¹³ Proposal from Iran

¹⁴ Proposal from Iran

¹⁵ Proposal from Canada

**Proposals relevant to the nature
and mix of policies and measures**

27. Commitments are to be fulfilled individually and not through coordinated actions. CO₂ and energy taxation in particular shall be ruled out.¹⁶
28. Annex I Parties shall maintain balance between those policies and measures intended to reduce domestic production and those intended to reduce the consumption of products of greenhouse gas emitting sectors.¹⁷
29. Policies and measures to address climate change under this instrument shall not be harmful to the development of the developing country Parties, particularly oil exporting developing countries. To this effect, restructuring of current taxes on fossil fuels in Annex I countries are necessary. A balance shall be maintained between policies and measures aimed at reducing emissions of greenhouse gases in emitting sectors and those aimed at reducing consumption of their products. The introduction of new or increased oil taxation shall be ruled out. Instead, energy prices shall be allowed to reach their reasonable market level. Commitments shall be fulfilled individually and not through coordinated actions.¹⁸
30. Each Annex I Party shall give the first priority to policies and measures intended to eliminate subsidies, tax incentives and other market imperfections existing in greenhouse gas emitting sectors. New greenhouse gas taxes cannot be introduced by Annex I Parties until they restructure their existing tax system to truly reflect the relative contribution of greenhouse gases of each unit of emitting sources in all economic sectors.¹⁹
31. Policies and measures shall include the enhancement of sinks through reforestation, combatting desertification and establishing regulations for sustainable forest use.²⁰

¹⁶ Proposal from Iran

¹⁷ Proposal from Saudi Arabia

¹⁸ Proposal from Iran et al

¹⁹ Proposal from Saudi Arabia

²⁰ Proposal from Iran et al

Lists of policies and measures

Alternative 1 ²¹

32. List A lists policy objectives for all Parties listed in Annex I:

- Promote the development and increased use of renewable sources of energy;
- Increase energy efficiency, including in the energy production and transformation, industrial, transport, household and agricultural sectors;
- Reduce energy losses and greenhouse gas emissions from the production, transport and distribution of energy;
- reduce methane emissions through recovery and use;
- reduce fluorocarbon emissions from refrigeration and air-conditioning equipment;
- reduce nitrous oxide (N₂O) emissions;
- Promote fuel switching to less carbon intensive fuels;
- Conserve and enhance, as appropriate, greenhouse gas sinks and reservoirs.

List A to be developed further.

33. List B lists possible mechanisms for the implementation of policies and measures.

- Voluntary agreements with specific sectors;
- Economic instruments;
- regulation;
- Target values and/or product standards;
- Performance indicators;
- Information and advice programs;
- Education and training;
- Research and technology development;

²¹ Proposal from the Chairman

- Exchange and transfer of technology.

List B to be developed further.

34. List C would include a menu of policies and measures from which Parties could choose according to their national circumstances.

- identification, reduction and progressive removal of existing barriers, which prevent the penetration of potentially cost-effective renewable energy routes in the market;
- economic or other incentives for the diffusion of emerging technologies in the field of renewable energies and to secure an expanding market for potentially cost-effective renewable technologies;
- energy efficiency standards, defined test procedures and functional performance measures for products, labelling and other product-related measures;
- if necessary or where appropriate, mandatory minimum efficiency standards of the products;
- reduction of CO₂ emissions from newly registered cars through the promotion of measures aiming at reaching target value(s) for average fuel efficiency and/or average g-CO₂/km emissions of newly registered cars per year by a given date. These could include: voluntary agreements with the car industry; complementary measures aimed at developing the market for fuel efficient, low CO₂ emitting cars as well as alternative fuels; fuel economy labelling;
- all International Civil Aviation Organization (ICAO) members could introduce aviation fuel taxation and/or efficiency standards on the basis of international agreement and worldwide application;
- all International Maritime Organization (IMO) members could agree internationally to use appropriate economic instruments, including taxation, to encourage the use of cleaner fuels and more fuel-efficient engines;
- progressively reduce subsidies of fossil fuels and reduce/remove such subsidies, tax schemes and regulations which counteract an efficient use of energy;
- reforms of energy markets directed at increasing efficiency including by increasing competition;
- fuel switching to less greenhouse gas emitting sources;
- reduction of energy losses and greenhouse gas emissions, in particular methane, when extracting, transporting, and distributing energy;
- promotion of the use of integrated resource planning and least cost planning;

- improvement of the energy efficiency of power plants and other combustion plants;
- introduction of international voluntary agreements in internationally oriented industrial sectors, aimed at measures such as the introduction of minimum energy efficiency requirements and greenhouse gas emission limits;
- 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;
- extended use of combined heat and power with the aim of the reduction of greenhouse gas emissions, for district heating, industrial process heat and low temperature heat in other sectors and processes, as appropriate;
- promote bio-energy production such as energy crops and energy plantations, as appropriate, where a net reduction of greenhouse gas emissions results;
- identify and promote cost-effective ways to include climate change considerations in the general agricultural policies applied by different Parties and agree to pursue those policies and measures in the World Trade Organization (WTO) and other relevant bodies;
- develop forest management practices that expand carbon storage, including afforestation and re-afforestation policies, in the forest ecosystem, including soils, without negatively affecting long term productivity or biodiversity;
- expand afforestation and reforestation that produce a basis for viable biofuel and wood production for local demand and for industrial use, and that provide other beneficial effects such as watershed protection, protection against natural hazards or recreation;
- forest management practices to decrease nitrous oxide (N₂O) and methane (CH₄) emissions and increase soil carbon;
- promote the development and exploitation of renewable energy sources, including hydro;
- promotion and development of renewable sources of energy, including solar, nuclear and biomass, and ensuring that all countries have access to related material, equipment and technology through removal of all restrictions;
- enhancement of sinks through reforestation and combating desertification, and establishing regulations for sustainable forest woods use;
- innovative technological development;
- product standards with respect to leakages of fluorocarbon emissions;

- use of selected low GWP fluorocarbons instead of high GWP fluorocarbons;
- removing protection for domestic coal producers and national electricity supply industries; a first approach could include an agreement to adopt targets for a subsidy reduction, for instance 50 per cent by 2010; a second approach could be an agreement to remove all types of subsidies except those related to research and environmental protection;
- average fuel consumption targets for new vehicles; for new passenger cars, an average fuel consumption target of 5 litres/100 km for petrol-driven cars and 4.5 litres/100 km for diesel-driven cars by the year 2005 shall be introduced. For other types of vehicles, similar targets shall be defined;
- building insulation standards (k-values) adapted to the geographical situation of the Parties shall be introduced; quality standards for construction products shall also be defined;
- limitation of the production and consumption of perfluorocarbon (PFC), HFC and SF₆;
- implementation of measures prescribed by the United Nations Economic Commission for Europe (UNECE) protocols on the control and reduction of volatile organic compounds (VOCs) and nitrogen oxides (NO_x);
- 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;
- combat desertification;
- definition of a major item 'renewable energies' within the framework of the existing international financial mechanisms, for example the World Bank, the Global Environment Facility (GEF), Regional Development Banks, Phare and Tacis.

List C to be developed further.

Alternative 2²²

35. Parties listed in Annex I of the Convention [OR Annex X of the Protocol] commit themselves specifically as provided for in the following:

- (a) Energy efficiency standards and labelling:
 - (i) monitor and share information on energy efficiency levels of current and future standards for electrical appliances.
 - (ii) seek harmonization of test protocols and measurement and analytical techniques regarding energy efficiency standards for electrical appliances.
 - (iii) work together towards harmonization of energy efficiency labelling schemes for electrical appliances.

- (b) Transportation:
 - (i) 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.
 - (ii) communicate and regularly update information 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.
 - (iii) implement their commitments in subparagraph 4.2(e)(ii) in 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.
 - (iv) seek voluntary agreements with manufacturers for fuel economy improvement of road vehicles. Coordination of agreements can be made at a regional and/or broader level, as appropriate.

- (c) Sustainable Agriculture:
 - (i) communicate and regularly update 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.

- (ii) encourage 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.
 - (iii) share information on national R&D programmes in sustainable agriculture.
- (d) cooperate in developing and delivering an international public education and awareness campaign on climate change. The message of the campaign could be based on the outcomes of the Second Assessment Report, and further reports, of the Intergovernmental Panel on Climate Change and could focus on individual consumption patterns. Each Party listed in Annex I of the Convention shall implement the campaign and may cooperate with any other Parties in doing so
- (e) Energy Efficiency in Countries with Economies in Transition:
- (i) urge the Multilateral Development Banks (MDBs) which lend to countries with their Economies in Transition (EITs) to focus on energy efficiency, and more generally on greenhouse gas emissions abatement technologies.
 - (ii) place commitments and reporting obligations on MDBs. These relate to project screening for energy efficiency opportunities, procurement policy, standardization of contract, co-financing and concessionary finance, and dissemination of policy advice. Investment appraisals should also reflect greenhouse gas externalities. MDBs' commitments should also relate to capacity building, both within MDBs and countries with EIT, including training programmes and staff exchanges.
 - (iii) urge the Multilateral Development Banks (MDBs) which lend to countries with economies in transition to make concessionary financing available to Energy Services Companies (ESCOs) and to use performance contract models with EIT governments to finance improvements in government energy use. Annex I [OR Annex X] Parties shall also urge MDBs to initially focus on capacity building and in particular, to disseminate information promoting ESCOs activity within the EITs financial sector and to include performance contracting as a component of their training programmes.

36. Menu of Policies and Measures: In addition to coordinated actions, the protocol or other legal instrument could include a menu of policies and measures, covering all relevant activities Parties are taking to address climate change, from which other Parties could draw in implementing their domestic action plans.

Alternative 3 ²³

List A

Policies and measures common
to all Parties listed in Annex X

List B

Policies and measures to be given high priority by Parties
listed in Annex X and for coordination with other Parties.

37. Policies and measures which can be categorized as belonging to Lists A or B are listed hereunder. Those marked with an asterix (*) are policies and measures that shall get the highest priority for inclusion, either in List A or B.
38. Renewable energies
- (a) Definition of a major item 'renewable energies' within the framework of the existing international financial mechanisms, for example the World Bank, the Global Environment Facility (GEF), Regional Development Banks, Phare and Tacis;
- (b) *Identification, reduction and progressive removal of existing barriers, which prevent the penetration of potentially cost-effective renewable energy routes in the market;
- (c) Economic or other incentives for the diffusion of emerging technologies in the field of renewable energies and to secure an expanding market for potentially cost-effective renewable technologies.
39. Energy efficiency standards, labelling and other product-related measures
40. *Policies and measures for common household appliances (refrigerators, freezers, washing machines, dryers, dishwashers and water heaters); home entertainment and standby equipment, lighting products, office equipment, and air compressors; space heating equipment, air conditioners, building energy control equipment, and buildings in general include:
- (i) Mandatory energy consumption labelling, with defined test procedures and functional performance measures of the products;
- (ii) Voluntary agreements with producers and importers to improve energy efficiency levels of products through clear objectives or general improvement ranges, and, if necessary or where appropriate, mandatory minimum efficiency standards of the products.

²³ Proposal from the Netherlands on behalf of the European Community and its member states

41. Transport sector

- (a) *Minimum excise duties on fuels to be applied to all Annex I countries;
- (b) *Reduction of CO₂ emissions from newly registered cars through the promotion of measures aiming at reaching target value(s) for average fuel efficiency and/or average g-CO₂/km emissions of newly registered cars per year by a given date. These could include:
 - (i) Voluntary agreements with the car industry;
 - (ii) Complementary measures aimed at developing the market for fuel efficient, low CO₂ emitting cars as well as alternative fuels.
- (c) Fuel economy labelling;
- (d) *In the field of civil aviation, all International Civil Aviation Organization (ICAO) members could introduce aviation fuel taxation and/or efficiency standards on the basis of international agreement and worldwide application;
- (e) *In the field of maritime transport, all International Maritime Organization (IMO) members could agree internationally to use appropriate economic instruments, including taxation, to encourage the use of cleaner fuels and more fuel-efficient engines.

42. Economic instruments in the field of climate change

- (a) *Progressively reduce subsidies of fossil fuels and reduce/remove such subsidies, tax schemes and regulations which counteract an efficient use of energy;
- (b) *A framework for the introduction of an environmental taxation scheme for all Annex I Parties. This 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;
 - (vi) Consideration of the sectors, sources and fuels which could be subject to taxation;
 - (v) Timetable for implementation;
 - (vi) A framework for tradeable quota schemes or permits.

43. Energy policies

- (a) Where appropriate, reforms of energy markets directed at increasing efficiency including by increasing competition;
- (b) Fuel switching to less greenhouse gas emitting sources;
- (c) Reduction of energy losses and greenhouse gas emissions, in particular methane, when extracting, transporting, and distributing energy;
- (d) Promotion, where appropriate, of the use of integrated resource planning and least cost planning.

44. Industry sector emissions, including voluntary agreements

- (a) Improvement of the energy efficiency of power plants and other combustion plants;
- (b) *Introduction of international voluntary agreements in internationally oriented industrial sectors, aimed at measures such as the introduction of minimum energy efficiency requirements and greenhouse gas emission limits;
- (c) *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;
- (d) Extended use of combined heat and power with the aim of the reduction of greenhouse gas emissions, for district heating, industrial process heat and low temperature heat in other sectors and processes, as appropriate.

45. Agriculture sector

- (a) Promote bio-energy production such as energy crops and energy plantations, as appropriate, where a net reduction of greenhouse gas emissions results;
- (b) Identify and promote cost-effective ways to include climate change considerations in the general agricultural policies applied by different Parties and agree to pursue those policies and measures in the World Trade Organization (WTO) and other relevant bodies;
- (c) Voluntary agreements with specific sectors to improve energy efficiency and reduce greenhouse gas emissions.

46. The role of forestry in mitigating climate change

- (a) Develop forest management practices that expand carbon storage, including afforestation and re-afforestation policies, in the forest ecosystem, including soils, without negatively affecting long term productivity or biodiversity;

(b) Parties shall, where appropriate and with regard to sustainable environmental and land use considerations, particularly the need to mitigate global climate change, take or initiate actions to:

- (i) Expand afforestation and reforestation that produce a basis for viable biofuel and wood production for local demand and for industrial use, and that provide other beneficial effects such as watershed protection, protection against natural hazards or recreation;
- (ii) Develop and make use of environmentally sustainable and competitive wood or non-wood biofuel production systems according to local conditions and the amount of forest resources;
- (iii) Undertake measures and forest management practices to decrease nitrous oxide (N₂O) and methane (CH₄) emissions and increase soil carbon.

47. Fluorocarbons and SF₆

(a) Product standards with respect to, inter alia, leakages of fluorocarbon emissions;

(b) Use, as far as possible, of selected low GWP fluorocarbons instead of high GWP fluorocarbons;

(c) *International cooperation in the development of policies and agreements with the sector organizations (inter alia, International Primary Aluminium Industry, International Semi-conductor Association, Refrigeration Industry) for the reduction of fluorocarbon emissions.

List C

policies and measures to be given priority by Parties listed in Annex X as appropriate to national circumstances.

48. At this stage, policies and measures not listed as belonging to Lists A or B are to be considered as belonging to List C, which has previously been provided in submissions to the AGBM.

Additional proposal relating to alternative 3²⁴

49. The measures listed below shall be internationally coordinated among Parties (A-type measures according to the EU proposal) and shall be listed in the protocol.

- (a) Reform of subsidies in the energy sector;
 - (i) This could involve removing protection for domestic coal producers and national electricity supply industries;
 - (ii) A first approach could include an agreement to adopt targets for a subsidy reduction, for instance 50 per cent by 2010;
 - (iii) A second approach could be an agreement to remove all types of subsidies except those related to research and environmental protection;
- (b) The introduction of an incentive tax on CO₂;
- (c) Average fuel consumption targets for new vehicles;

For new passenger cars, an average fuel consumption target of 5 litres/100 km for petrol-driven cars and 4.5 litres/100 km for diesel-driven cars by the year 2005 shall be introduced. For other types of vehicles, similar targets shall be defined;
- (d) Energy efficiency standards;
 - (i) New buildings:
 - Building insulation standards (k-values) adapted to the geographical situation of the Parties shall be introduced;
 - Quality standards for construction products shall also be defined;
 - (ii) 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:
 - Household appliances: refrigerators, freezers, washing machines and dryers, dishwashers, electric ovens, televisions, video recorders and air conditioners;

- Office equipment: personal computers, monitors, printers, photocopiers, facsimile machines;

(iii) Labelling: Harmonized labels on appliances with low energy consumption shall be introduced;

(e) The introduction of taxation on aviation fuel. Because this would need to be internationally harmonized and universally applied, countries other than those included in Annex I shall be involved. Negotiations shall therefore take place in the framework of ICAO as well as the Convention;

(f) Limitation of the production and consumption of perfluorocarbon (PFC), HFC and SF₆;

(g) Implementation of measures prescribed by the United Nations Economic Commission for Europe (UNECE) protocols on the control and reduction of volatile organic compounds (VOCs) and nitrogen oxides (NO_x).

50. 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, shall be considered as a 'B-type' measure according to the EU proposal, that is it shall receive high priority for consideration by Annex I Parties for inclusion in their national programs and would benefit from common coordinated application.

Alternative 4 ²⁵

51. Examples of policies and measures and their indicators are listed below (indicators within brackets):

(a) Efficient use of energy:

- improvement of automobile fuel efficiency [in the case of Japan, 10.15 mode²⁶ fuel efficiency (km/l)];
- improvement of power generation efficiency [general average of power generation efficiency (%)];
- promotion of co-generation (including fuel cells) [kw];
- promotion of energy-saving in buildings and housings;

²⁵ Proposal from Japan

²⁶ 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).

- promotion of efficient use of waste biomass energy [the number of facilities];
 - promotion of use of public transport.
- (b) Introduction of carbon-free or low-carbon energy:
- introduction of Renewable Energy (such as PV(photovoltaic) system [one hundred million (kwh)] and wind power generation [kl oil-equivalent][share in Primary Energy Supply (%)]).
- (c) Innovative technological development:
- R&D of CO₂ separation, fixation and utilization technology;
 - R&D on advanced low or non emission vehicles;
 - R&D on new generation city vehicles.
- (d) International technical cooperation and transfer of technologies:
- Activities Implemented Jointly (AIJ) [the number of projects] [an amount of expenditure];
 - cooperation for human resource development;
 - cooperative researches and studies.
- (e) Protection and enhancement of sinks and reservoirs of greenhouse gasses not controlled by the Montreal Protocol:
- sustainable management of forest and afforestation/reforestation [area of forest][growing stock];
 - development of green spaces in urban area [area of city parks].

To be developed further.

Alternative 5 ²⁷**52. Scientific**

- (a) Fundamental and applied research on climate change problems;
- (b) Development and refinement of estimates, scenarios and projections of climate change and its effects;
- (c) Creation of the system of monitoring of greenhouse gas concentrations in the atmosphere.

53. Technological

- (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;
- (c) Rational land use and agriculture;
- (d) Reduction of emissions and leakages of methane;
- (e) Implementation of specific measures to raise quality of sinks and reservoirs of greenhouse gases.

54. Economic

- (a) Implementation of market mechanisms in such fields as pricing, standards, taxation, policy;
- (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.

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²⁷ Proposal from the Russian Federation

CONTINUING TO ADVANCE THE IMPLEMENTATION OF EXISTING COMMITMENTS IN ARTICLE 4.1

Report of the Non-Group

1. In accordance with the Objective and Principles of the Convention, all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances shall implement national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol.¹

2. As stated in paragraph 2(b) of decision 1/CP.1 in 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.

3. Continuing to advance implementation of 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 for:

(a) The development at the national level of 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;

(b) (i) The enhancement at the national level of access to, and the exchange of, data and analyses thereof, obtained from areas beyond national jurisdiction;

(ii) The assessment at the national level of the 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,

¹ Proposal from AOSIS

wetlands, coral reefs and atolls, as well as freshwater supplies, arid and semi-arid areas, drought and desertification.

- (c) The assessment at the national level of the economic and social consequences on developing countries of various response strategies, 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;
- (d) The development and implementation at the national level of education and training programmes, including the strengthening of national institutions and the exchange or secondment of personnel to train experts;
- (e) The development and implementation of integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas affected by drought and desertification, as well as floods;
- (f) The sustainable management for conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;
- (g) The transfer of, or access to, environmentally-sound technologies and know-how, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the energy, transport, industry, agriculture, forestry and waste management sectors, taking fully into account Chapter 34 of Agenda 21;
- (h) The development at the national level of 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;
- (i) Following from and based on all the above, formulation, implementation, publication and regular updating at the national and, where appropriate, regional levels, of programmes containing measures to address climate change and its adverse impacts in order to achieve sustainable development.

4. Since this is an integral part of the process of preparations of national communications, the operating entity of the financial mechanism shall provide the necessary resources for the implementation of the above activities in each developing country Party in an expeditious and timely manner.

5. The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention 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.²

6. All Parties shall, in accordance with the provisions of paragraphs 7 to 9 below, continue to advance the implementation of commitments in Article 4.1 of the Convention and strengthen their collaboration through bilateral, 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 of the Convention.

7. National programmes, inventories and reporting

(a) National programmes to be updated regularly in addition to any updating carried out in the context of national communications; (4.1(b))

(b) Parties to provide annual inventory data for greenhouse gases as required by Decision 3/CP.1; (4.1(a))

(c) Parties, to the extent possible, move to use full IPCC compatible methodologies for preparation of inventories; (4.1(a))

(d) Parties to identify and agree to implement strategies to ensure climate change considerations are taken into account in all relevant Government policy areas and initiatives and include an evaluation of the effects thereof in national communications; (4.1(f))

(e) National programmes to incorporate, as appropriate, policies and measures to remove obstacles to the limitation of greenhouse gas emissions and to the enhancement of sinks including by: (4.1(b))

(i) Increasing energy efficiency;

(ii) Increasing the use of renewable energies;

(iii) Making improvements in the transport sector;

² Proposal from Costa Rica on behalf of the Group of 77 and China, paragraphs 2-5

- (iv) Improving efficiencies in industrial production processes;
- (v) Promoting the development and sustainable management of sinks and reservoirs of greenhouse gases;
- (vi) Improving integration of climate change considerations into agriculture.

(f) Parties to develop, periodically update, publish and make available to the COP strategies for mitigation of climate change and derive therefrom national inventories of the need and market potential for technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases. (4.1(b) and (c))

(g) in respect of national communications (4.1(j)):

- (i) arrangements for in-depth reviews of Annex I Parties communications should be strengthened along the lines of the OECD Countries Environmental Performance Reviews (that is, including a formal opportunity for other Parties to ask questions about the review findings);
- (ii) in-depth reviews of non-Annex I Parties' communications should be introduced along the lines of existing arrangements for Annex I.

8. Bilateral/multilateral cooperation

(a) Parties to cooperate in identifying and agreeing specific means and approaches to foster bilateral, regional and global cooperation to facilitate mitigation and adaptation to climate change, including:

- (i) Development of national inventories of greenhouse gas emissions; (4.1(a))
- (ii) Formulation and implementation of relevant programmes of measures to mitigate and adapt to climate change, with a special consideration of measures which also favour the economic development of Parties as well as of measures in sectors largely open to international competition; (4.1(b))
- (iii) 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. (4.1(c))

(b) Participation, on a voluntary basis, in activities implemented jointly; (4.1(b))

(c) Develop and implement indicators relevant to 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 at its fourth session, in 1996. (4.1(f))

9. Participation in work of international organizations (4.1(g), (h) and (i))

(a) Parties, to the extent possible, to support and/or participate in the work of:

(i) International bodies, such as the World Meteorological Organization (WMO), the United Nations Environment Programme (UNEP), IMO and ICAO, in examining, elaborating, assessing, developing and implementing strategies for mitigation and adaptation to climate change; and

(ii) International programmes related to climate change, such as the World Climate Programme and the forthcoming Climate Agenda proposal, as well as the START initiative of the International Geosphere-Biosphere Programme (IGBP) and the scientific and educational programmes of WMO and UNEP as they are developed.

(Note: Measures listed in paragraphs 7-9 should be further developed and implemented by all Parties, based on the principle of differentiated responsibilities and capabilities of Parties. (References to relevant Convention Articles are given in parentheses.))³

10. Recognizing the progress that has been made to date in implementing commitments under Article 4.1 of the Convention:

11. The Parties reaffirm their commitments under Article 4.1 of the Convention and the need to continue to advance the implementation of such commitments.

12. Each Party shall strengthen its legal and institutional framework to advance the implementation of its commitments under Article 4.1 of the Convention.

13. Each Party shall take measures to facilitate investment in climate-friendly technologies.

³ Proposal from the Netherlands on behalf of the European Community and its member States, paragraphs 6-9

14. Each Party shall report, as part of its communication under the Convention, on how it is promoting public education and participation in the development of climate change policy.

15. Each Party that is neither in Annex A nor Annex B shall identify and implement "no regrets" measures for mitigating net anthropogenic emissions of greenhouse gases, including any identified through the review process under paragraph 7 below. In this regard, each such Party shall also:

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

16. Each Party that is neither in Annex A nor Annex B shall submit to the secretariat, on an annual basis, its inventory of greenhouse gas emissions. Such inventory shall be consistent with any guidelines adopted by the Parties.

17. The Parties shall establish a process for reviewing communications received under the Convention from the Parties identified in paragraphs 5 and 6. The process shall be designed:

- (a) To enable the review of the effects of individual measures described in paragraph 5;
- (b) To assist such Parties in identifying and implementing "no regrets" measures for mitigating net anthropogenic emissions of greenhouse gases;
- (c) To seek to identify key sectors and technological options within them;
- (d) To consider possibilities for promoting voluntary arrangements with industry aimed at identifying and encouraging implementation of "no regrets" measures; and
- (e) To explore various means through which such Parties could obtain both the know-how and the technology needed to implement options identified.⁴

⁴ Proposal from the United States of America, paragraphs 10-17

18. The Parties reaffirm their commitments under Article 4.1 of the Convention and the need to continue to advance the implementation of these commitments. The Parties will develop further international cooperation on the basis of mutually beneficial incentive structures for addressing climate change and the adverse effects thereof.

19. To this effect Parties will strengthen their respective legal and institutional frameworks, as appropriate, to advance the implementation of their commitments under Article 4.1 of the Convention, and strengthen efforts to facilitate investments and transfer of climate-friendly technologies in accordance with Articles 4.3, 4.5 and 4.7 of the Convention.⁵

20. The Parties fully recognize the important role that the development and transfer of technology should perform for the mitigation of climate change, and will make every effort to ensure that this role is fulfilled.⁶

21. Transfer of material, equipment and technology for renewable sources of energy including solar, nuclear and biomass to developing countries, on concessional and preferential terms, shall be ensured. In this context, developed country parties shall remove all restrictions on such transfers.⁷

22. *Non-Annex I Parties are invited to take part in the effort to reduce greenhouse gas emissions on a voluntary basis through, among other things, implementing agreements similar to those developed by the IEA.*⁸

⁵ Proposal from Norway, paragraphs 18-19

⁶ Proposal from Japan

⁷ Proposal from Iran et al

⁸ Proposal from Switzerland

DRAFT TEXT BY THE CHAIRMAN OF THE NON-GROUP

2pm, Thursday 6 March 1997

ELEMENTS RELATED TO INSTITUTIONS, MECHANISMS AND OTHER CLAUSES

I. INTRODUCTORY ELEMENTS

A. Preamble [¹]

1. Being Parties to the 1992 United Nations Framework Convention on Climate Change (the Convention),²
2. Recognizing that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs, quantified emission limitation and reduction objectives shall be elaborated on the basis of the consequences on all greenhouse gas concentrations, temperature increase and sea-level rise, taking into account cumulative emissions and currently available scientific and economic data,
3. Bearing in mind the ultimate objective of the Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, and that such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner,
4. Having reviewed Article 4, paragraph 2(a) and (b) of the United Nations Framework Convention on Climate Change and having concluded that these subparagraphs are not adequate,
5. Underlining the principles of the Convention, in particular the principle in Article 3.1 which reads as follows: "The Parties should protect the climate system for the benefit of

[¹ Titles of articles and paragraphs are included solely to assist the reader]

²AOSIS

present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof³.

6. Recalling Article 3.2 of the Convention which states that "the specific needs and special circumstances of developing country Parties especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration",

7. Recalling also Article 3.5 of the Convention which states that "the Parties should co-operate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change," and that "measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade",

8. Recognizing also the fact that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions,

9. Reaffirming the specific needs and concerns of developing countries and the special situations of least developed countries referred to in Articles 4.8, 4.9 and 4.10 of the Convention; and the legitimate needs of the developing countries for the achievement of sustained economic growth and the eradication of poverty, recognizing also that all Parties have a right to, and should promote sustainable development,⁴

10. 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,

11. Noting that the Second Assessment Report of the Intergovernmental Panel on Climate Change (hereinafter referred to as IPCC) approved at the eleventh session of the IPCC on 15 December 1995, which is recognized, at the present moment, as the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available, states that stabilization of atmospheric concentrations of carbon dioxide (CO₂), which is one of the major greenhouse gases, at 550 ppmv will eventually require global emissions to be less than 50 per cent of current levels,

12. 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

³G-77 and China, incorporating a proposal from AOSIS

⁴G-77 and China

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),⁵

13. 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,⁶

14. Aware of the advantages of coordinating relevant measures and strategies, including specific administrative and economic instruments to achieve the Objective of the Convention,

15. 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,⁷

16. This Protocol regulates future actions and the implementation of the commitments of the Parties to the UN Framework Convention on Climate Change (hereafter referred to as "the Convention") facilitating achievement of its ultimate objective determined in Article 2,

17. 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,

18. 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,

19. 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,⁸

20. Noting that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, and the per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

⁵Japan

⁶Kuwait

⁷AOSIS

⁸Russian Federation

21. 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,
22. Affirming that response to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account legitimate economic growth and the eradication of poverty,
23. Recognizing that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling greenhouse gas emissions in general, including through the application of new technologies on terms which make such an application economic⁹ and socially beneficial,⁹
24. 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,
25. 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],¹⁰

B. Definitions

(Chapeaux)

26. For the purpose of this Protocol¹¹:
27. For the purposes of this Protocol the following definitions are used. These are additional to the definitions in Article 1 of the Convention.¹²
28. All terms used in this Protocol that are defined in Article 1 of the Convention shall have the meanings set forth in Article 1 of the Convention.¹³
29. For the purpose of this Protocol, or another legal instrument, all the definitions of the Convention, as contained in Article 1, shall apply.¹⁴

⁹Iran et al

¹⁰Iran et al, incorporating a proposal from Saudi Arabia

¹¹Iran et al

¹²Russian Federation

¹³Kuwait and Nigeria

¹⁴G-77 and China

(Definitions)

30. "Annex _ Parties" means Parties included in Annex _ [insert identification of the Annex or Annexes listing Parties making commitments for QELROs and policies and measures].¹⁵

31. "Annex I Parties" means Parties included in Annex I [insert identification of the Annexes listing developed country Parties making commitments for QELROs and policies and measures].¹⁶

32. "Annex I Parties" means the developed country Parties and other developed Parties included in Annex I of the Convention, that are also Parties to this Protocol.¹⁷

33. "Annex III Parties" means developing country Parties whose economies are highly dependent on the exploitation, production, processing and exportation of fossil fuels.¹⁸

34. "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. "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.¹⁹

36. "Change in per capita economic welfare" means: the change in per capita gross national expenditure resulting from mitigation action.²⁰

37. "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.²¹

38. "Conference of the Parties" means the Conference of the Parties to the Convention established [by²²] [pursuant to²³] Article 7 of the Convention.

¹⁵Kuwait and Nigeria

¹⁶Iran et al

¹⁷AOSIS

¹⁸Iran et al

¹⁹Russian Federation

²⁰Australia

²¹Iran et al

²²Kuwait, Nigeria and Iran et al

²³AOSIS

39. "Convention" means the United Nations Framework Convention on Climate Change adopted on 9 May 1992, and unless the text otherwise indicates, the terms defined in Article 1 of the Convention shall have the same meaning in this Protocol.²⁴
40. "Convention" means the United Nations Framework Convention on Climate Change, adopted at New York on 9 May 1992 [and adopted for signature in Rio de Janeiro on 4 June 1992²⁵]²⁶.
41. "The Convention" means the United Nations Framework Convention on Climate Change.²⁷
42. "The Convention" means the United Nations Framework Convention on Climate Change done at New York on 9 May 1992.²⁸
43. "Depositary" means the Depositary designated in Article 9 of the Convention.²⁹
44. "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.
45. "Emission intensity of GDP" means: the ratio of emissions to GDP, for the agreed reference period.
46. "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.³⁰
47. "Global warming potential" 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.³¹
48. "Greenhouse gas" means any greenhouse gas for which a global warming potential (GWP) is set forth in Annex C of this Protocol.³²

²⁴AOSIS

²⁵Nigeria

²⁶Kuwait, Nigeria and Iran et al

²⁷Russian Federation

²⁸Japan and USA

²⁹Kuwait, Nigeria and Iran et al

³⁰Australia

³¹Russian Federation

³²USA

49. "Greenhouse gas" means any gas with a greenhouse effect not controlled by the Montreal Protocol for which a global warming potential is set forth in Annex C of this Protocol.³³
50. "Indicator" means ... *(to be drafted)*.³⁴
51. "Meeting of the Parties" means the Conference of the Parties established pursuant to Article 8 of this Protocol.
52. "Montreal Protocol" means the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, as subsequently adjusted and amended.³⁵
53. "Net anthropogenic emissions of greenhouse gases" means the difference between anthropogenic emissions and anthropogenic sinks during the concrete period.³⁶
54. "Net anthropogenic emissions" of greenhouse gases is the calculated difference between emissions by sources and removals by sinks.³⁷
55. "Objective" means the ultimate objective stated in Article 2 of the Convention.
56. "Parties" means the Parties to the present Protocol.³⁸
57. "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.³⁹
58. "Parties to the Convention" means Parties for whom the Convention has legally entered into force in accordance with the Convention's provisions.⁴⁰
59. "Parties to the Convention" means those States or regional economic integration organizations as to which the Convention has entered into force in accordance with its terms, whether or not they are Parties to this Protocol.⁴¹

³³Russian Federation

³⁴Japan

³⁵AOSIS

³⁶Russian Federation

³⁷USA

³⁸AOSIS

³⁹Kuwait, Nigeria and Iran et al

⁴⁰AOSIS

⁴¹Kuwait, Nigeria and Iran et al

60. "Party" means Party to this Protocol.⁴²
61. "Party" means, unless otherwise stipulated, a party to this Protocol.⁴³
62. "Principles" means, unless the context otherwise requires, the Principles stated in Article 3 of the Convention.⁴⁴
63. "Projected population growth" means: the projected percentage change in population level for the period for which a quantified emission limitation and reduction objective (QELRO) applies relative to the agreed reference period.
64. "Projected real GDP per capita growth" means: the projected percentage change in real per capita gross domestic product (GDP) level for the period for which a QELRO applies relative to the agreed reference period.⁴⁵
65. "Protocol" means this [*insert full name of Protocol, (followed by date and place of adoption and date and place it is opened for signature*⁴⁶]⁴⁷.
66. "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.⁴⁸
67. "Secretariat" means the permanent secretariat designated by the Conference of the Parties in accordance with Article 8, paragraph 3 of the Convention.⁴⁹
68. "The secretariat" means the secretariat established under Article 8 of the Convention.⁵⁰
69. "The secretariat" means the secretariat of the Convention.⁵¹
70. "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 global warming

⁴²Russian Federation and USA

⁴³Japan

⁴⁴AOSIS

⁴⁵Australia

⁴⁶Nigeria

⁴⁷Kuwait, Nigeria and Iran et al

⁴⁸Russian Federation

⁴⁹Kuwait, Nigeria and Iran et al

⁵⁰AOSIS

⁵¹Japan

potentials (GWP) set forth in Annex C of this Protocol.⁵²

71. "Tonne of carbon equivalent" means the amount of carbon dioxide (or other greenhouse gas calculated by global warming potential) in terms of tonnes of carbon (44/12 of one tonne of carbon dioxide is equal to one tonne of carbon).⁵³

72. "Voluntary goal" means ... *(to be drafted)*.⁵⁴

73. *Other definitions to be developed or cross-referenced to the Convention as necessary.*]⁵⁵

74. Unless the context of a provision otherwise indicates, the plural form of the terms defined in paragraphs 3, 4 and 6 shall include the singular.⁵⁶

⁵²USA

⁵³Russian Federation

⁵⁴Japan

⁵⁵USA

⁵⁶Kuwait and Nigeria

II. INSTITUTIONS AND PROCESSES

A. Conference of the Parties/Meeting of the Parties

Proposal 1

75. The Conference of the Parties to the Convention shall serve as the Conference of the Parties of the Protocol. To this end, for the purposes of Articles 5 to 8 of this Protocol references in Articles 7 to 10 of the Convention to "the Convention" and "the Parties" shall be understood as references to "the Protocol" and "the Parties to the Protocol" respectively.

76. 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.

77. 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.⁵⁷

Proposal 2

78. The Protocol shall utilise the same Conference of the Parties as the parent Convention.⁵⁸

Proposal 3

79. 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 Protocol's implementation and the evolution of scientific and technological knowledge;

(b) Adopt targets and timetable referred to in Article 3.1;

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

(d) Receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5;

⁵⁷EU

⁵⁸Switzerland

(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;

(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.

80. 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.

81. 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.

82. 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.⁵⁹

Proposal 4

83. The Parties shall hold meetings at regular intervals. 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 in conjunction with a meeting of the Conference of the Parties to the Convention.

84. Subsequent meetings of the Parties shall be held, unless the Parties decide otherwise, in conjunction with meetings of the Conference of the Parties to the Convention. Extraordinary meetings of the Parties shall be held at such other times as may be deemed necessary by a meeting of the Parties, or at the written request of a Party, provided that within six months of such a request being communicated to them by the secretariat, it is supported by at least one third of the Parties.

85. The Parties, at their first meeting, shall:

(a) Adopt, by consensus, rules of procedure for their meetings;

(b) [other].

86. The functions of the meeting of the Parties shall be to:

(a) Review the implementation of this Protocol, including the information submitted in accordance with Article 3;

(b) Periodically review the adequacy of this Protocol;

(c) [other].

87. 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 meetings of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, qualified in fields relating to climate change which has informed the secretariat of its wish to be represented at a meeting of the Parties as an observer may be 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.⁶⁰

Proposal 5

88. The Conference of the Parties to the Convention, as the supreme body of the Convention, shall undertake regular review of the implementation of the Convention and any related legal instruments that the Conference of the Parties may adopt (Article 7.2).

89. Existing mechanisms in the Convention, including review, assessment and financing shall apply to the commitments adopted in a Protocol or another legal instrument (*modified text of para. 127 included in document FCCC/AGBM/1997/2*).⁶¹

⁶⁰USA

⁶¹G-77 and China

B. Secretariat

(Structure)

90. The secretariat established by Article 8 of the Convention shall serve as the secretariat to this Protocol⁶² [subject to the prior approval of such arrangements by the Conference of the Parties.]⁶³

(Functions)

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

92. The functions of the secretariat shall be:

(a) To compile, synthesize and transmit to the Conference of the Parties reports submitted to it and information communicated to it in accordance with Article 2(e);

(b) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Protocol;

(c) To perform other secretariat functions specified in the Protocol and such other functions as may be determined by the Conference of the Parties.⁶⁴

93. The costs of secretariat services for this Protocol shall be met only by Parties thereto.⁶⁵

C. Subsidiary Bodies

94. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention ("the Subsidiary Bodies") shall serve as the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Protocol [subject to the prior approval of such arrangements by the Conference of the Parties⁶⁶].

95. 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.

96. When the Subsidiary Bodies exercise their functions with regard to matters concerning

⁶²Chairman's proposal, based on proposals from AOSIS, Australia, EU, Switzerland and USA

⁶³AOSIS

⁶⁴EU

⁶⁵Australia

⁶⁶AOSIS

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.⁶⁷

97. The costs of undertaking additional work for this Protocol shall be met only by Parties thereto.⁶⁸

98. 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.⁶⁹

D. Coordination mechanism⁷⁰

99. 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.

100. 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.

101. 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.

102. The functions, terms of reference, organization and operation of this mechanism shall be elaborated further at the first Meeting of the Parties.⁷¹

⁶⁷EU and USA, incorporating proposals from AOSIS, Australia, Iran, Switzerland

⁶⁸Australia

⁶⁹AOSIS

⁷⁰*Note to reader: this section should be read together with paragraphs 88 and 89 in the section on "Conference of the Parties/Meeting of the Parties" which contains a proposal from the G-77 and China.*

⁷¹AOSIS

E. Financial mechanism

103. The financial mechanism defined for the purposes 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 Protocol⁷² [subject to the prior approval of such arrangements by the Conference of the Parties.]⁷³

104. The statements of Article 11 of the Convention shall be used.⁷⁴

F. Review of information and review of implementation and compliance⁷⁵

Proposal 1

105. A team of experts commissioned by the secretariat shall review the information of each Party submitted in accordance with paragraph 1 above. The team of experts shall report the results of the review to the Meeting of the Parties.

106. If the Meeting of the Parties, on receipt of the reports referred to in paragraph 2 above, concludes that a Party is under difficulty in achieving the quantified objective referred to in Article 3, paragraph 1, 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.⁷⁶

Proposal 2

107. 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 in order to assess those Parties' implementation of their obligations.

108. 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.

109. 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

⁷²EU, incorporating a proposal from AOSIS.

⁷³AOSIS

⁷⁴Russian Federation

⁷⁵*Note to reader: this section should be read together with paragraphs 88 and 89 on the section relating to "Conference of the Parties/Meeting of the Parties" which contains a proposal from the G-77 and China.*

⁷⁶Japan

shall be periodically reviewed by the Parties for appropriate revision.

110. 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.

111. 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.

112. *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;*

(b) *Loss of voting rights and/or other opportunities to participate in processes under the Protocol.⁷⁷*

Proposal 3

113. 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. Based on its reviews, it shall make recommendations on any matter necessary for the implementation of the Protocol.⁷⁸

G. Multilateral consultative process⁷⁹

Proposal 1

114. If and when a Multilateral Consultative Process is established under Article 13 of the Convention, the Meeting of the Parties may decide whether and on what conditions agreement be sought for that process to be made available for this instrument. The Meeting of the Parties shall make any arrangements that are necessary to give effect to such a decision by agreement with the Conference of the Parties to the Convention.⁸⁰

⁷⁷USA

⁷⁸AOSIS

⁷⁹*Note to reader: this section should be read together with paragraphs 88 and 89 on the section relating to "Conference of the Parties/Meeting of the Parties" which contains a proposal from the G-77 and China.*

⁸⁰Australia

Proposal 2

115. The Parties, at their first meeting or as soon as practicable thereafter, shall consider the establishment of a multilateral consultative process to promote effective implementation of the Convention.⁸¹

Proposal 3

116. The Conference of the Parties shall, at its first session after the entry into force of the Protocol, establish a multilateral consultative process including an Implementation Committee to review, at the request of a Party or Parties, the secretariat, or a Party in respect of itself, compliance with its obligations under the Protocol. Such Committee shall have, among its functions to regularly report to the Conference of the Parties, which shall take appropriate decisions in the light of such reports. The review procedure shall be simple, facilitative, cooperative, non-judicial and transparent. Its application shall be without prejudice to the provisions of Article 14 of the Convention.⁸²

H. Dispute settlement⁸³

Proposal 1

117. The provisions of Article 14 to the Convention shall apply to this Protocol.⁸⁴

Proposal 2

118. 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 Depository that, in respect of any dispute concerning the interpretation or application of paragraph 4 of the Article concerning the implementation of commitments (or of any other provision of this Protocol necessary to the interpretation or application of the said paragraph 4) any claim made pursuant to the Article concerning the economic injuries sustained by developing countries, [and the Article on the compensation mechanism⁸⁵] 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/or⁸⁶]

⁸¹USA

⁸²EU

⁸³*Note to reader: this section should be read together with paragraphs 88 and 89 on the section relating to "Conference of the Parties/Meeting of the Parties" which contains a proposal from the G-77 and China.*

⁸⁴Chairman's proposal, based on proposals from AOSIS, Australia, EU, Russian Federation and Switzerland

⁸⁵Iran et al

⁸⁶Kuwait

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

119. 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.⁸⁷

Proposal 3

120. *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) and stating that this process would be without prejudice to the review and compliance process under Article 4.*⁸⁸

⁸⁷Kuwait and Iran et al

⁸⁸USA

III. FINAL ELEMENTS

A. Decision-making⁸⁹

121. Decisions under this Protocol shall be taken only by Parties to this Protocol.⁹⁰

B. Amendments

Proposal 1

122. Amendments to this instrument may be made, mutatis mutandis, in accordance with the procedures set out in Article 15 of the Convention.⁹¹

Proposal 2

123. Any Party may propose amendments to the Protocol.

124. Amendments to the Protocol shall be adopted at [a Meeting of the Parties⁹²/an ordinary session of the Conference of the Parties⁹³]. 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.

125. The Parties 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-thirds⁹⁴/three fourths⁹⁵] 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.

126. Instruments of acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 3 above shall enter into

⁸⁹*Note to reader: This section should be considered together with that on "Conference of the Parties/Meeting of the Parties", "Amendments" and "Adoption and Amendment of Annexes".*

⁹⁰AOSIS, incorporating a proposal from Switzerland

⁹¹Chairman's proposal, based on proposals from Australia, Switzerland and Russian Federation

⁹²AOSIS

⁹³EU

⁹⁴AOSIS

⁹⁵EU

force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of acceptance by at least [two-thirds⁹⁶/three-fourths⁹⁷] of the Parties to the Protocol.

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

128. For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.⁹⁸

Proposal 3.

129. 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.

130. 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 Depositary.

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

132. 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 Depositary its instrument of ratification, acceptance or accession with respect to the amendment.⁹⁹

⁹⁶AOSIS

⁹⁷EU

⁹⁸AOSIS and EU

⁹⁹Kuwait, Nigeria and Iran et al

C. Relationship with the Convention

133. 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.

134. To avoid duplication, overlap and conflicts between the institutional structures and reporting requirements established by the Convention and those established by the Protocol, the first Meeting of the Parties shall seek guidance on these matters from the Conference of the Parties.

135. Except as otherwise provided in this Protocol, the provisions of the Convention relating to its protocols shall apply to this Protocol.¹⁰⁰

136. 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 the year 2000 (subparagraphs 4.2(a) and (b) of the Convention).¹⁰¹

D. Adoption and amendment of Annexes

Proposal 1

137. The Meeting of the Parties may adopt annexes to this Protocol. Such annexes shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Protocol shall constitute at the same time a reference to any annexes thereto.

138. Annexes to the Protocol shall be proposed and adopted in accordance with the procedure set out in Article 10, paragraphs 2 and 3 above.

139. An annex that has been adopted in accordance with paragraph 2 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 of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex. The annex 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.

140. The proposal, adoption and entry into force of amendments to annexes to the Protocol shall be subject to the same procedure as that for the proposal and adoption of annexes to the Protocol in accordance with paragraphs 2 and 3 above.

141. 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.¹⁰²

¹⁰⁰AOSIS

¹⁰¹Russian Federation

¹⁰²AOSIS

Proposal 2

142. 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. 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.

143. Any Party may make proposals for an annex to the Protocol and may propose amendments to Annexes to the Protocol.

144. Proposals for an annex to the Protocol and 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.

145. 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 three-fourths 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.

146. An annex that has been adopted or amended in accordance with paragraph 3 and 4 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.

147. 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 time as the amendment to the Protocol enters into force.

148. For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.¹⁰³

Proposal 3

149. Elaboration of any annexes dealing with lists in Annexes I and II to the Convention, and any other listing of Parties shall be in accordance with Article 4.2(f) and 4.2(g) of the Convention.¹⁰⁴

¹⁰³EU

¹⁰⁴G-77 and China

Proposal 4

150. 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.

151. 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.

152. Annexes to this Protocol and amendments to such annexes shall be adopted in accordance with the procedures set forth in paragraphs [129] and [130]. 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 [131] and [132], 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.¹⁰⁵

E. Right to vote

Proposal 1

153. The provisions of Article 18 of the Convention shall apply to this Protocol.¹⁰⁶

Proposal 2

154. Each Party to the Protocol shall have one vote, except as provided for in [paragraph 2¹⁰⁷/ the paragraphs¹⁰⁸] below.

155. 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 which 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.¹⁰⁹

156. Proposal to be developed on the possibility of restricting voting entitlements in respect of certain issues, such as those relating to adjustment of commitments of Annex A Parties

¹⁰⁵Kuwait, Nigeria and Iran et al

¹⁰⁶Chairman's proposal, based on proposals from Russian Federation and Switzerland

¹⁰⁷AOSIS and EU

¹⁰⁸Australia

¹⁰⁹AOSIS, EU and Australia

under Article 7.¹¹⁰

F. Relationship to other agreements

157. 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 WTO¹¹¹.

G. Depositary

158. The provisions of Article 19 of the Convention shall apply to this Protocol.¹¹²

H. Signature

159. Only Parties to the Convention may be Parties to this Protocol.¹¹³

160. The Protocol shall be open for signature by Parties to the Convention at Kyoto during the Third Conference of the Parties to the Convention, and thereafter at the United Nations Headquarters in New York from _ to _.¹¹⁴

I. Provisional application

161. Any Party may notify the Depositary that it intends to apply the instrument provisionally prior to the entry into force of the instrument for that Party.¹¹⁵

¹¹⁰ Australia

¹¹¹ Australia

¹¹² Chairman's proposal, based on proposals from AOSIS, EU, Switzerland and Russian Federation

¹¹³ EU and USA

¹¹⁴ AOSIS and EU, incorporating a proposal from Switzerland

¹¹⁵ Australia

J. Ratification, acceptance, approval or accession

Proposal 1

162. The provisions of Article 22 of the Convention shall apply to this Protocol.¹¹⁶

Proposal 2

163. The Protocol shall be subject to ratification, acceptance, approval or accession by States and regional economic integration organizations [which are Parties to the Convention¹¹⁷] It shall be open for accession from the day after the date on which the Protocol is closed for signature.

164. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.

165. 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.

166. 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.¹¹⁸

K. Entry into force

Proposal 1

167. The instrument shall enter into force in accordance with the provisions of Article 23 of the Convention.¹¹⁹

¹¹⁶Chairman's proposal, based on proposals from Russian Federation and Switzerland.

¹¹⁷EU

¹¹⁸AOSIS and EU

¹¹⁹Chairman's proposal, based on a proposal from Russian Federation

Proposal 2

168. The Protocol shall enter into force on the ninetieth day after the date of deposit of the [thirtieth¹²⁰] [twentieth¹²¹] [...¹²²] instrument of ratification, acceptance, approval or accession.

169. 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 accession¹²³/fulfilment of the requirements of paragraph 1¹²⁴] 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.

170. For the purposes of paragraphs 1 and 2 above, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by State members of the organization.¹²⁵

Proposal 3

171. *Provision relating to entry into force which would require ratification by States accounting for a particular percentage of global emissions of greenhouse gases*¹²⁶

172. This Protocol shall enter into force ninety days after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession by a Party to the Convention, provided that the Parties listed in Annex I of the Convention which have deposited their instrument of ratification, acceptance, approval or accession by that time represent no less than [75%] of the total aggregate emissions of greenhouse gases of Parties listed in Annex I of the Convention for [19...] [the period 19... - 19...].¹²⁷

Proposal 4

173. *Proposal to be developed on provisions relating to entry into force which would require ratification, acceptance, approval or accession by a certain number of Parties included in Annex I to the Convention*¹²⁸

¹²⁰AOSIS

¹²¹Switzerland

¹²²EU

¹²³AOSIS

¹²⁴EU

¹²⁵AOSIS, EU and incorporating proposals from Switzerland

¹²⁶USA

¹²⁷Norway

¹²⁸Japan

Proposal 5

174. 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.¹²⁹

L. Reservations

175. No reservations may be made to this Protocol.¹³⁰

M. Withdrawal

Proposal 1

176. The provisions of Article 25 of the Convention relating to withdrawal shall apply to this Protocol.¹³¹

Proposal 2

177. 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.

178. 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.

179. Any Party which withdraws from the Convention shall, [pursuant to Article 25 of the Convention¹³²], be considered as also having withdrawn from this Protocol.¹³³

Proposal 3

180. At any time after this Protocol has entered into force with respect to a Party, that Party may withdraw from this Protocol by giving written notification to the Depositary. Any such withdrawal shall take effect on the ninetieth day after the date of its receipt by the Depositary. The Depositary shall communicate to all Parties to the Convention a copy of each such notification of withdrawal.

181. Notwithstanding the above paragraph __, the withdrawal by an Annex _ Party from this

¹²⁹Iran and Iran et al

¹³⁰AOSIS and EU, incorporating proposals from Russian Federation and Switzerland

¹³¹Chairman's proposal, based on proposals from Russian Federation and Switzerland

¹³²AOSIS

¹³³AOSIS and EU

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.¹³⁴

N. Authentic texts

182. 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.¹³⁵

¹³⁴ Kuwait, Nigeria and Iran et al

¹³⁵ AOSIS and EU, incorporating proposals from Russian Federation and Switzerland



EU CONCLUSIONS
ON CLIMATE CHANGE

as agreed by
the 1990th meeting
of the EU Council of Ministers
'Environment'

Brussels, 3 March 1997

Council conclusions on climate change

CONSIDERATIONS

1. The Council recalls the Community proposal for a draft protocol made in AGBM, as amended in the submission of 15 January 1997, and in particular the following elements of that proposal:
 - a combined approach of including in a protocol both commitments on policies and measures (Annexes A, B and C), including legally binding policies and measures as well as on quantified legally binding objectives for emission limitations and significant overall reductions within specified time-frames;
 - coverage in the protocol of industrialised countries including all OECD members and countries with economies in transition (Annex X list);
 - Annex E, covering the strengthening by all Parties of the implementation of existing Convention commitments, which contains inter alia provisions to enhance the development, application and diffusion, including transfer of technology;
 - provisions for the review of all commitments in Article 4;
 - provision in Article 2(d) that Annex X Parties may implement policies and measures and attain QELROs jointly with other Annex-X Parties;
 - Annex Y, which is still to be developed, meant to specify the QELRO provisions in Article 2(c) for Annex X Parties;
 - the resolution of questions regarding implementation and compliance in Article 10.

2. The Council notes that:

- AGBM-6 (March 3-7, 1997) is the last AGBM before a draft negotiating text has to be circulated (deadline is June 1, 1997);
- the Council has reiterated the need for the Community to play a leading role.

3. The Council recalls its conclusion that the equitable sharing of the objective within the Community should be discussed and agreed in parallel with the decision on proposals by the Community for quantified reduction objectives and policies and measures for inclusion in the protocol (Council conclusions December 1995).

4. The Council recalls that:

- existing commitments of the Community are to stabilise CO₂ emissions at 1990 level by 2000, which means that this level cannot be exceeded after the year 2000 (Council conclusions June 1995 and December 1995);
- It has concluded that commitments for significant overall reductions of greenhouse gas emissions after the year 2000 below 1990 level should be included in a protocol (Council conclusions June 1996);
- It has concluded that global average temperatures should not exceed 2 degrees Celsius above pre-industrial level and that therefore concentration levels lower than 550 ppm CO₂ should guide global limitation and reduction efforts (Council conclusions June 1996), which calls for early action on emission reduction and indicates the need for significant reductions from industrialised countries in the 2000-2020 time-frame;
- national commitments by a number of Member States for the period after the year 2000 are an important contribution towards reductions of greenhouse gas emissions below 1990 level for the Community as a whole.

QUANTIFIED EMISSION REDUCTION OBJECTIVES

5. The Council stresses that these conclusions establish a Community negotiating position for the ongoing negotiations on the Berlin Mandate, not a unilateral commitment; that the Community commitment in the Protocol will be subject to acceptance of comparable commitments by other Annex X Parties; that the outcome of COP-3 in Kyoto will determine both the actual Community target and the final package of policies and measures which must be taken to help meet that target.
6. The Council agrees on the following negotiating position on quantified reduction objectives, for inclusion in the Community protocol proposal, Annex Y.
7. The reduction objectives cover the following greenhouse gases: CO₂, CH₄ and N₂O (weighted total, using GWP with 100 year time-horizon). HFC, PFC and SF₆ will be added no later than 2000 to the basket of gases, but policies and measures to reduce emissions of these gases will have to be included in the Protocol.
8. Article 2(d) of the Community protocol proposal provides for the possibility for Annex X Parties to implement policies and measures and attain limitations and/or reduction objectives jointly with other Annex X Parties and Parties that have made a notification of intention to be bound by commitments on emission limitation and reduction objectives set in Annex Y. The Council recognizes that rules governing joint implementation with these Parties should be part of a Protocol.

Regarding joint implementation with other Parties, the Conference of the Parties shall take decisions regarding criteria for joint implementation as soon as Parties to the Convention have taken a decision on the pilot phase of AIJ.

9. The proposed reduction objectives for the Protocol are subject to agreement by COP-3 on inclusion in the protocol of legally binding and other policies and measures.

10. The Council regrets the lack of firm commitments so far from other Annex X Parties. It agrees that the Community should propose that Annex X Parties, individually or jointly, in accordance with the Berlin Mandate, shall reduce emission levels for CO₂, CH₄ and N₂O together (weighted total, using GWP with a 100 year time-horizon) by 15% by 2010 (reference year 1990)

It also agrees that an interim target should be set for 2005.

In the longer term, more sophisticated methods to allocate reduction targets shall be implemented, in accordance with the Berlin Mandate, eventually leading to convergence of emission levels based on appropriate indicators.

INTERNAL COMMUNITY BURDEN-SHARING

11. The Council reaffirms its position expressed in the Council conclusions of December 1995 that commitments to limit and reduce greenhouse gas emissions under the future Protocol will be fulfilled by the Community as a whole through action by the Community and its Member States within their respective competences .
12. It also recalls its conclusions that the equitable burden sharing among Member States with regard to the overall emission reduction objective by the Community as a whole will be discussed and agreed having regard to cost-effectiveness and the aspects included in the Berlin Mandate such as differences in starting points, approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, recognising that each Member State must contribute substantially to the fulfilment of the obligations in the protocol (Council conclusions December 1995).

Member States which start from relatively low levels of energy consumption and therefore low emissions measured on a per capita or other appropriate basis, are entitled to have CO2 targets and/or strategies corresponding to their economic and social development, while improving the energy efficiency of their economic activities.

The decisions on the equitable sharing of the burden will take account of national circumstances and capabilities in sectors such as, inter alia, electric power generation, internationally oriented energy intensive industry, transportation, light industry, agriculture, households and services and of the potential for energy efficiency improvement as affected by measures already taken, the reduction of the carbon intensity of the fuel mix and considerations of convergence between Member States.

- 13. Reductions required on the basis of the outcome of the protocol negotiations will have to be achieved with a combination of national and Community policies and measures. This might require an assessment of existing Community legislation that might impede Member States' implementation of national mitigation measures. Further elaboration of common and coordinated policies and measures needs to be pursued by Member States and the Commission through the Ad Hoc Group and in the context of the elaboration by the Council dealing with relevant Community policies and measures regarding economic instruments and taxation as well as regarding energy on the demand and supply side, industry, transport and agriculture. In this connection the Council reaffirms the need for coordination and integration of work in these key areas.**
- 14. The Council notes the work done by the Ad Hoc Group on the assessment of the potential of common and coordinated policies and measures as an approach to the equitable sharing of the burden and underlines that Community and coordinated policies and measures will be essential instruments for Member States to implement their contributions to the fulfilment of the reductions emerging from the protocol negotiations.**

The Council stresses that the commitment by Member States is needed to develop and implement common and coordinated policies and measures by the Community, which are a necessary contribution to meeting the reduction objectives agreed at Kyoto, in line with the conclusions regarding the coordination and integration of Community work in the key areas mentioned and the internal burden sharing arrangements.

15. Common and coordinated policies and measures in the following areas have a high potential for contributing to meeting the reduction objectives to be agreed at Kyoto:
- Renewable energy programmes
 - Programmes regarding Combined Heat and Power, energy efficiency improvements in the transformation sector and fuel switching to less GHG emitting sources
 - Energy efficiency standards and/or improvements for household appliances, home entertaining equipment, office equipment, lighting products, space heating equipment and air compressors
 - Energy efficiency in buildings
 - Fuel efficiency improvement and CO₂ emission reduction from passenger and freight vehicles
 - Energy efficiency improvements and GHG emission reductions in heavy industry (iron/steel, chemicals, non-ferrous metals, non-metallic minerals, pulp and paper) and large combustion plants
 - Limitation of emissions of HFC's, PFC's and SF6
 - Reduction of CH₄ emissions
 - N₂O reductions in the chemical industry
 - Progressive reduction/removal of fossil fuel and other subsidies, tax schemes and regulations which counteract an efficient use of energy
 - Increase of minimum tax levels as a way to reduce GHG emissions and improve energy efficiency
 - Modal switch in transportation

The Ad Hoc Group is requested to present to the next Council an overview of the progress concerning these common and coordinated policies and measures and their likely contribution to greenhouse gas reductions for the Community as a whole and the individual Member States. On this basis the Council may wish to review the Community negotiating position.

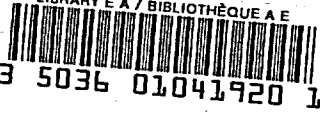
16. In the light of national emission targets Member States have set, analyses made by Member States on the limitation and reductions they can achieve in the 2000-2020 time-frame, information provided by the Commission through its Energy 2020 study, the work of the Ad Hoc Group on the potential of Community policies and measures and other relevant information, the Council decides that an emission index for each Member State in the year 2010 shall guide the determination of the contribution of each Member State towards the reduction the Community as a whole will have to realise in 2010 on the basis of the outcome of the protocol negotiations. The attached table 1 represents the current commitments of Member States, adding up already to a 10% reduction. Member States also agree to identify additional national and common and coordinated Community policies and measures such as those indicated in paragraph 15, to meet the proposed Annex X targets. Similar arrangements will need to be developed for the target the Community as a whole will have to realise in 2005.
17. The initial distribution between Member States will be reviewed by the Council, if necessary prior to and in any case after completion of protocol negotiations, on the basis of an assessment of actual developments, taking account of the principles and approaches referred to in paragraphs 11, 12, 13 and 14.
-

APPENDIX 1

TABLE 1

MEMBER STATES	EMISSION REDUCTIONS IN 2010 FOR CO ₂ , CH ₄ AND N ₂ O TOGETHER (GWP100 WEIGHTED), COMPARED TO 1990
BELGIUM	-10%
DENMARK	-25%
GERMANY	-25%
GREECE	+30%
SPAIN	+17%
FRANCE	0%
IRELAND	+15%
ITALY	-7%
LUXEMBOURG	-30%
NETHERLANDS	-10%
AUSTRIA	-25%
PORTUGAL	+40%
FINLAND	0%
SWEDEN	+5%
UNITED KINGDOM	-10%

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