



AD HOC GROUP ON THE BERLIN MANDATE
Fourth session
Geneva, 11 - 16 July 1996
Agenda item 7

REPORT OF THE AD HOC GROUP ON THE BERLIN MANDATE

**Draft report of the Ad Hoc Group on the Berlin Mandate
on its fourth session**

Addendum

Conclusions of the Ad Hoc Group on the Berlin Mandate at its fourth session

Item 3: Strengthening the Commitments in Article 4.2(a) and (b)

1. The Ad Hoc Group on the Berlin Mandate (AGBM) expressed its appreciation to the Chairmen, panelists and participants of the three round-table discussions on (a) policies and measures, (b) quantified emission limitation and reduction objectives, and (c) possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties. The AGBM found the round tables to be very useful, and took note of the reports of the Chairmen of the round tables, which will be included as annexes to the report of the AGBM.
2. The AGBM noted that the elaboration of policies and measures and the development of quantified emission limitation and reduction objectives are linked, and that the final product of its work should reflect both policies and measures on the one hand and quantified emission limitation and reduction objectives on the other.

3. The AGBM renewed its discussion of approaches and criteria for the elaboration of policies and measures. Two general approaches continued to be the main subject of discussion:

(a) A "menu approach", under which the protocol or another legal instrument could provide for a detailed listing of policies and measures, from which Annex I Parties could choose on the basis of their national circumstances. This approach could include appropriate procedures for the communication and review of information; and

(b) A mandatory approach, under which the new legal instrument would require certain common and/or coordinated policies and measures. One proposal is to develop separate annexes setting forth (i) mandatory policies and measures, (ii) coordinated policies and measures, and (iii) optional policies and measures.

Some delegations argued that there was no set of policies and measures appropriate for all Annex I Parties, and that Parties should instead be allowed to choose those policies and measures best suited to their national circumstances. Others contended that some desirable policies and measures would not be undertaken by individual countries unilaterally because of competitiveness concerns, and must be agreed on internationally.

4. A number of criteria were identified for assessing policies and measures, including: their potential to limit greenhouse gas emissions and enhance sinks; their socio-economic and environmental costs and benefits as well as their impact on short- and long-term economic growth, including on developing countries; their political feasibility; and the need for common or coordinated action. A number of informative studies of policies and measures were brought to the attention of the AGBM, including work done by the Annex I Experts Group, as well as proposals from the European Community and its member States for policies and measures to be included in a protocol or another legal instrument.

5. The AGBM noted that a number of key issues still must be addressed regarding quantified emission limitation and reduction objectives (QELROs). These issues include:

- (a) The levels of emissions reductions, and criteria for their choice;
- (b) Whether QELROs should be legally binding or not;
- (c) Whether multi-party or single-party obligations should be pursued;
- (d) What should be the base and target years;
- (e) The socio-economic and environmental costs and benefits for all Parties, including developing country Parties; and
- (f) The effect on atmospheric greenhouse gas concentrations.

6. Several delegations said that the IPCC Second Assessment Report provides scientific support for establishing ambitious QELROs and that significant reductions in greenhouse gas emissions from 1990 levels would be necessary to stabilize atmospheric concentrations of greenhouse gases at a safe level. Several delegations supported the QELRO contained in the AOSIS protocol proposal. Other delegations argued that further work is needed, noting that considerable uncertainties remain regarding the costs and impacts of emission reductions, and that the AGBM must develop realistic, achievable and equitable objectives.

7. A number of delegations emphasized the importance of allowing flexibility in the design and implementation of QELROs. Among the mechanisms suggested to promote flexibility were the following: the comprehensive approach, encompassing all sources and sinks of greenhouse gases; long-range QELROs; QELROs focusing on cumulative emissions over a number of years; and joint implementation and tradeable emission permits among Annex I Parties only.

8. Many delegations expressed support in principle for differentiation of commitments (possibly including the use of different base years), in order to take account of differing national circumstances and to ensure that QELROs would be equitable and economically efficient. Some delegations, however, questioned whether it would be practicable to agree on the criteria and modalities for differentiation within the time-frame for negotiations set forth in decision 1/CP.1, and suggested that the AGBM should instead focus on uniform QELROs. A number of delegations expressed support for a simplified approach to differentiation, under which Annex I Parties would be divided into several groups with different binding commitments for each group. Other proposed approaches to differentiation include the following: (a) differential baseline years; (b) emissions limitations adjusted for population growth and/or emissions embodied in trade; (c) differentiation to achieve equivalent welfare changes between Parties; (d) differentiation based on emissions per capita or per unit GDP; (e) differentiation based on the ratio between renewable energy supply and total energy consumption; (f) differentiation based on a Party's historical contribution to the climate change problem; (g) differentiation based on a Party's projected emission trends; and (h) market-based differentiation using joint implementation or tradeable emission reduction obligations amongst Annex I Parties. The AGBM looked forward to further concrete proposals regarding uniform QELROs, and possible criteria and modalities for differentiation.

9. The importance of considering the possible impact on developing country Parties of the new commitments to be negotiated for Annex I Parties was emphasized by many delegations. Some delegations argued that costs to developing countries of new commitments by Annex I Parties would be high relative to the benefits. The issue of burden sharing should be expanded to include all Parties and to include options to minimize any potential negative impacts on non-Annex I Parties. A number of informative studies on the impacts on developing countries of measures by Annex I Parties were highlighted. Many delegations noted that non-action was not an option, and urged early action by Annex I Parties in order to avoid negative economic, social and environmental impacts on developing countries in the long term.

10. The AGBM agreed that there should be follow-up to further consider the possible impacts on developing country Parties of new commitments for Annex I Parties. The Chairman undertook to consult with delegations about how this follow-up would be carried out before and during the next session.

Item 4: Continuing to advance the implementation of Article 4.1

11. Consideration of this item was deferred until the fifth session.

Item 5: Possible Features of a Protocol or Another Legal Instrument

12. Many delegations stressed that the form of the protocol or another legal instrument to be adopted by the Conference of the Parties at its third session should flow from its substance and that the AGBM should therefore concentrate on the substantive provisions of the agreement.

13. The AGBM reaffirmed the principle of institutional economy and the need to avoid the proliferation of new bodies and mechanisms under a protocol or another legal instrument. Accordingly, it agreed that the new instrument should, to the greatest extent possible, be served by the existing institutions and mechanisms of the Convention, including in particular the Convention secretariat and possibly the subsidiary bodies. There was also support for having a single process for the communication and review of information. The AGBM expressed interest in exploring the possibility of having a single Conference of the Parties and a streamlined budgetary process for the Convention and the new legal instrument, subject to the understanding that only Parties to the new legal instrument would be able to vote on decisions relating to that instrument.

14. Many Parties stated their preference that the form of the instrument should be a protocol. Some delegations reaffirmed support for the European Union proposed protocol outline and the use of annexes, and some expressed support for the AOSIS protocol proposal. Several countries continued to reserve their position about the form of a legal instrument pending decisions by the Conference of the Parties regarding the rules of procedure and by the AGBM concerning the substance of the new instrument.

15. It was stressed that the protocol or another legal instrument should be a simple document which supplemented the Convention. Several delegations reaffirmed their support for the inclusion of legally-binding quantified emission limitation and reduction objectives.

16. Several delegations stressed that the protocol or another legal instrument should be open only to Parties to the United Nations Framework Convention on Climate Change, and observed that a regional instrument cannot provide a durable solution to the global problem of climate change. Some delegations also noted that the new legal instrument should have

sufficient flexibility to reflect differing national circumstances, possibly through the inclusion of differentiated commitments.

17. A number of delegations emphasized that the new instrument should be designed so that it can evolve in the light of new developments and scientific advice. This could involve, for example, the establishment of a mechanism to review the provisions of the instrument and to make any necessary decisions and adjustments. There was also mention of a strengthened in-depth review process and of a mechanism to accumulate experience in activities implemented jointly.

Item 6: Taking stock and intensifying efforts: Report to the second session of the Conference of the Parties

18. The AGBM has made valuable progress over the past year in advancing understanding of the options available for a protocol or another legal instrument and of their implications. However, much work still needs to be done and the AGBM must now intensify its efforts to complete a new legal instrument in time for adoption by the Conference of the Parties at its third session.

19. So far, the work of the AGBM has focused on analysis and assessment, and this process will continue. The emphasis of the work of the AGBM must now move progressively towards negotiation, as mandated by decision 1/CP.1.

20. The AGBM invited Parties to submit further concrete proposals on policies and measures, QELROs, and other possible features of a protocol or another legal instrument, by 15 October 1996.

21. The Chairman undertook to produce, with the assistance of the secretariat, a contribution to the fifth session that would synthesize all proposals made to date, including those received up to 15 October 1996. He expressed the hope that this contribution would provide a useful framework for discussion at the fifth session and that it would be a step towards the development of a negotiating text.

22. The AGBM welcomed the proposal of the Chairman that he make an oral report to the Conference of the Parties at its second session on the progress achieved in the AGBM. This report will be factual, drawing on the reports of the AGBM at its first, second and third sessions as well as the conclusions adopted at this session.
