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INTERGOVERNMENTAL NEGOTIATING COMMITTEE
FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE
Tenth session
Geneva, 22 August-2 September 1994
Items 3 (a) and (b) of the provisional agenda

MATTERS RELATING TO COMMITMENTS

FIRST REVIEW OF INFORMATION COMMUNICATED BY EACH PARTY
INCLUDED IN ANNEX I TO THE CONVENTION

REVIEW OF THE ADEQUACY OF COMMITMENTS IN ARTICLE 4.2 (a) AND (b)

Comments from Parties or other member States

Note by the interim secretariat

A. First review of information communicated by each Party included
in Annex I to the Convention

The Committee, at its ninth session, requested the interim secretariat to develop a plan and budget for the review of the first communications from Annex I Parties, for consideration and adoption at the tenth session, and for immediate implementation thereafter. In preparing such a plan, the interim secretariat was requested to take into account, *inter alia*, the views expressed and the conclusions adopted at the ninth session, and any further comments which Parties and other member States may have transmitted to the interim secretariat before 30 April 1994, for distribution to all delegations (A/AC.237/55, Annex I, decision 9/3, para. 7).

The interim secretariat received such submissions from Canada, New Zealand and the United States of America. These submissions are attached and, in accordance with the procedure adopted for miscellaneous documents, are reproduced in the language(s) in which they were received.

A/AC.237/MISC.36

GE.94-62115

B. Review of the adequacy of commitments in Article 4.2 (a) and (b)

The Committee, at its ninth session, requested the interim secretariat to provide further documentation on the review of the adequacy of commitments in Article 4.2 (a) and (b), including, inter alia, a compilation and synthesis of interventions on the subject from the ninth session and of any further comments which Parties or other member States may have transmitted to the interim secretariat by 30 April 1994, for distribution to all delegations (A/AC.237/55, para. 59).

The interim secretariat received such submissions from Australia, Austria, Denmark, France, Germany, Greece (on behalf of the European Community and its member States), the Netherlands, New Zealand, the Russian Federation, Sweden, Switzerland and Trinidad and Tobago (on behalf of the Alliance of Small Island States). These submissions are attached and, in accordance with the procedure adopted for miscellaneous documents, are reproduced in the language(s) in which they were received.

Any further submissions will be issued in an addendum.

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**A. First review of information communicated by each
Party included in Annex I to the Convention**

PAPER NO. 1: CANADA

Mister Co-Chair, I want to begin by complementing the Secretariat on their paper AC/237/46. The paper is a useful overview of the issues that we must address when considering the roles of the Convention's subsidiary bodies. It will serve as a helpful guide to our discussions.

In discussing the functions of the subsidiary bodies, I intend to focus on the issue of the review of national communications. However, I would like first to address briefly a number of other matters raised in the Secretariat paper.

The identification of functions, and their allocation to a specific subsidiary body, as set out in the Secretariat paper is agreeable to Canada. We believe this proposal reflects the letter and the spirit of the Convention's provisions. Undoubtedly, additional functions will be identified. Indeed, resolution of questions and dispute settlement are two issues that Canada believes should be assigned to the Subsidiary Body on Implementation (SBI). Other delegations will no doubt have their own suggestions. The roles and responsibilities of the subsidiary bodies will evolve over time in response to the wishes of the Parties to the Convention. However, the Secretariat's approach deals with the most important responsibilities of the subsidiary bodies and should be accepted as an initial starting point. For consideration at INC 10, the Secretariat should prepare a draft COP decision setting out the roles and responsibilities of the subsidiary bodies.

The success of the first Conference of the Parties (COP) will depend, to a large degree, on the successful carrying out of some of the functions, such as the first review of national communications or the review of the adequacy of commitments, that are the responsibility of the subsidiary bodies. Therefore during this session of our Committee we must agree on adequate interim arrangements that will ensure that these crucial functions will be carried out satisfactorily between now and the first COP.

The interim arrangements must be capable of becoming

operational quickly with a minimum of delay and debate. They should, to the greatest extent possible, make use of existing arrangements. Canada therefore believes that the INC should act as a proxy for the subsidiary bodies until they are convened at the first COP. While it would not be a perfect match, given existing mandates, Canada believes that the Working Group I should be asked to serve as the proxy for the Subsidiary Body on Scientific and Technical Advice (SBSTA) and Working Group II should be asked to serve as the proxy for the Subsidiary Body on Implementation (SBI).

The proxy subsidiary bodies should take up their duties during the two weeks set aside for INC 11. If they need more time, or if additional time is required for the Working Groups to complete tasks originally assigned to them, the two weeks set aside for INC 11 should be extended by one week. The proxy subsidiary bodies could also meet again during the first days set aside for the COP, or immediately prior to it, to prepare the ground for discussions at the COP.

Once the subsidiary bodies have been established, Canada believes they should meet twice a year, assuming that the COP meets annually. These first meetings should be back-to-back for one week each approximately 6 months before the COP. As some of the work of the SBSTA will be input for the discussions of the SBI it should meet first. The purpose of these meetings, among other things, would be to follow up on discussions and decisions made at the previous COP.

The second meeting of the subsidiary bodies should be immediately prior to, or as the first part of, the pending COP. These meetings could be used to prepare for discussions and decisions at the COP. Reports that might be taken up by the COP, such as a report on the review of national communications, the report on implementation, or a report from the operator of the financial mechanism could be reviewed by the appropriate subsidiary body prior to their consideration at the COP.

The proxy subsidiary bodies will require support and assistance from the interim Secretariat in order to carry out their responsibilities. The interim Secretariat will need continued, and indeed, reinforced financial support. Canada has been one of the strongest supporters of the Secretariat and I am pleased to note that recently Canada pledged a further \$50,000.00 to support its activities. Canada urges all states that can provide support to the secretariat to do so. An effective secretariat is essential for the successful implementation of the Convention. Parties can not expect more from the secretariat than they are willing to pay for.

Madame Co-Chair, I want to turn to the question of the review of national communications, particularly the first review. The review of national communications is a very critical component of the Convention. The review is one of the best

mechanism by which all Parties can demonstrate to their international partners, and to their domestic publics, that they are taking action to implement their Convention commitments. The review is also an important element in the review of the adequacy of commitments and it is crucial to the overall implementation of the Convention.

It is therefore very important that the review of national communications be credible and effective. The review should be facilitative and non-confrontational; it should be carried out in an open and transparent manner and aim to encourage the implementation of commitments and the undertaking of appropriate action. It should also facilitate the exchange of information on emissions and response measures as a means to share experience, disseminate best practices and promote coordination among Parties on common approaches.

We should make every effort to design and implement the best possible review process, but we should not expect to get it all right the first time. Over time, and with experience in conducting reviews, the process should, and no doubt will, evolve and improve. Based on experience we will gain as we conduct reviews, we should look for ways to refine the process and ultimately to expand the review to include all Parties.

Given the number of Annex I Party national communications that will have to be reviewed by the first COP and the limited time that will be available to conduct the reviews, Canada believes that the process of conducting the first review will have to be less in-depth than the process for subsequent reviews.

The first review of communications should be undertaken by the secretariat. At the aggregate level, the secretariat should conduct a qualitative synthesis of the information and data in the communications. It could, for example, review the menu of measures and instruments that have been adopted to control greenhouse gas emissions, the gases on which different countries are concentrating, which measures seem most successful for which gases and how many Parties believe they will be able to stabilize emissions at 1990 levels in the year 2000. This synthesis should aim to provide an overall sense of the efforts of Annex I Parties and a qualitative assessment of the cumulative impact of their actions to reduce greenhouse gas emissions.

In order to prepare its synthesis, the secretariat should carry out a technical review of the communications. This review should, examine the communications to see, inter alia, that they have been prepared according to the provisionally agreed upon guidelines; that the communications are internally consistent; that all important data has been included, that the data in the communications is consistent with data on the same matter available from other sources. To assist the secretariat in its review, each Party submitting a communication for review should identify a "contact point" within its national government who

could be contacted if the secretariat had any questions about the communication.

The secretariat should prepare a report on its review of the national communications. This report, along with the national communications themselves, should be forwarded to Working Group II, acting as a proxy for the SBI, where the report would be subject to a peer review by all members of the Working Group. This report should be discussed in a meeting of the proxy SBI and then forwarded to the first COP for its consideration and final approval.

The first review of communications from Annex I Parties should start as soon as communications are forwarded to the Secretariat. It will take time to implement a review process once the process has been agreed to. Canada believes, therefore, that we must agree during this session of our Committee on the process that will be used for the first review of communications.

Subsequent reviews of national communications should be more in-depth and involve greater peer participation by Parties to the Convention. We should reflect on the experience that will be gained during the first review before we try to determine the process for subsequent reviews. As I noted previously, we should remain flexible and willing to modify the process as we learn more about how to conduct reviews.

Ultimately, we may want to aim for a review process similar to the environment and energy policy reviews conducted respectively by the OECD and the IEA. Under such a system, the actual reviews could be conducted by a "country review team" comprised of national experts provided by Parties, officials from the secretariat, or other technical support unit, and outside consultants as necessary and appropriate.

If Parties agreed, the review process should go beyond the "technical" review suggested for the first review. It could involve the country review team and the Party whose communication is under review in an extended dialogue about the policy assumptions and judgements used in preparing the communication and arriving at its conclusions. This might involve in-country visits by the country review team to meet with officials who prepared the communication.

Given the workload associated with the review process, Parties submitting national communications for review should do so periodically. These reports should be submitted every three to five years. In the other years, a Party could provide its most recent inventory data and any additional information of a policy nature that it believes relevant and appropriate. The submission of national communications for review would be staggered with roughly an equal number coming due, and being reviewed in-depth, each year.

As suggested for the first review, a report on all of the in-depth reviews, plus a synthesis of any information provided by Parties not subject that year to an in-depth review, could be prepared for discussion at the SBI. The SBI would discuss the report and forward it, with any appropriate modification and commentary, to the next COP for final review and approval.

Madame Co-Chair, I have outlined Canada's preliminary views on how reviews of national communications could be conducted. It is possible to imagine other, equally interesting, ways of conducting the reviews. I look forward to hearing from other delegations how they think the review process could be undertaken. Canada looks forward to working with other Parties in designing a review process acceptable to all.

PAPER NO. 2: NEW ZEALAND

The review of the first communications from Annex I Parties will have to be conducted between 21 September 1994 and February 1995, in order that recommendations can be prepared by INC XI in time for COP 1. The subsidiary bodies will not have been established at that time, although provision has been made for the INC, through its existing Working Groups, to carry out the subsidiary body tasks which must be done before COP I. This could also involve an extension of INC XI. Another consideration is the IPCC Special Report which will not be available until November 1994.

New Zealand agrees that reviews should be facilitative, non-confrontational, open and transparent, and that as thorough an analysis of national communications as possible is required. The Secretariat paper A/AC.237/46 paragraph 18 includes a list of tasks that could be carried out by the subsidiary bodies in reviewing national communications. Given the time constraints on the first review, and because the subsidiary bodies will not be functioning until after COP I, we suggest that the first review not be as detailed and comprehensive as subsequent reviews.

It appears likely that most of the responsibility for the first review will fall upon the Interim Secretariat, with INC XI preparing recommendations to go forward to COP I.

New Zealand does not favour a resource intensive review process for the first or subsequent reviews. We need to act responsibly to ensure that an expensive bureaucracy does not develop in support of an elaborate review process.

The depth of analysis that can be achieved in the first review will depend on the financial and human resources made available to the Interim Secretariat during the review period, as well as on the information actually provided by Annex I Parties in their submissions.

A practical approach could be for the first review to concentrate on the aggregate or synthesized information on implementation, and the global effects of the measures undertaken, without dwelling on the detail of each separate communication.

Another useful and practical aspect of this first review could be a summary of the types of measures being adopted by countries. Such a summary could assist countries in the development of further domestic policy responses to meet their Convention obligations.

In conclusion, we consider that the first review should:

1. be conducted by the Interim Secretariat, with INC XI preparing recommendations for COP I;
2. in respect of the report for COP I concentrate on the aggregate or synthesized information on implementation, and the global effect of the measures undertaken, without dwelling on the detail of each separate communication;
- 3 be conducted within a realistic and sustainable budget.

PAPER NO. 3: UNITED STATES OF AMERICA

The United States appreciates the opportunity to speak twice during this session. In our remarks at this time, we would like to focus on the specific issues related to the review process we envision for evaluating countries's national communications, and also, to address the question of the timetable for our actions between now and CoP I.

In the U.S. view, there are two aspects that must be considered in developing the review process:

- (1) special circumstances for the first review (which will need to be undertaken between the time communications are submitted in September 1994, and March 1995 when the first session of the Conference of the Parties is scheduled); and
- (2) a longer term process under which subsequent communications can be assessed.

In either case, the following issues must be considered in the development of a review process:

Cost. The tradeoff between an extensive review, with large teams visiting each country, must be weighed against the expense of supporting such a review process. However, it is clear that the minimum possible credible review will still require a significant outlay; Parties must be prepared to shoulder this cost.

Technical capacity. The capacity for technical analyses of the reviewers will to some extent place a limit on the thoroughness of the review achievable. Technical staff to review reports could be provided by the INC Secretariat, by Parties to the Convention, by multilateral organizations, by consultants or by NGOs. It is likely that some support from consultants will be required, but the degree to which third party support is provided will depend on the cost Parties are willing to assume.

Consistency/Fairness. Parties will be more favorably disposed toward the process if they believe that reviews will be consistently rendered and review bodies impartial. This may require that a central coordinating body (such as the secretariat) exercise oversight on all reviews.

Confidentiality/Disclosure. Parties will likely be sensitive to premature revelations about the content of reports prepared by reviewers. Openness should be encouraged, but information earmarked by Parties as confidential must be treated as such.

Participation. Participation by all Parties is essential. At this time, we believe Annex I Parties must bear the brunt of the requirement to provide technical experts, but non-Annex I parties also must be fully included so as to bring them on board and help them develop the capacity to prepare their own reports.

In addition, the United States believes it would be useful to bear in mind the following important goals for the first review of national communications:

- The review should aim to clarify the facts and technical issues in national communications';
- Reviews should assure (both to the reviewing team and the CoP through the team report) that methods used to prepare specific elements of the communication are understood; and
- Reviews should assure that Parties have included adequate information in their communications to help the CoP assess the cumulative effects of actions described in communications (an assessment that may require the reviewers, with the guidance of the SBSTA/SBI to gather additional information on policies and measures beyond what is included in the country's communications).

Reviews should be seen as an opportunity for constructive criticism. They should serve, in part, to facilitate the preparation of better communications -- and not be an unwanted or intrusive mechanism. However, reviews must be included to assure that the CoP has a objective, inclusive process to address deficiencies in communications.

Review Procedure

Bearing in mind these issues, the U.S. recommends that following review procedure:

- Review of Annex I communications would be undertaken by review teams composed of three to six members depending on the national circumstances of the country being reviewed, and including: technical experts from Annex I Parties and representatives from non-Annex I Parties, the Secretariat, non-governmental organizations, consultants and private sector organizations. For the sake of assuring

consistency between reports, we recommend that the secretariat monitor the review process, at least to the extent of providing one of the team members and coordinating the review effort.

- The review team would evaluate the written communication submitted by the Party (i.e., the Article 12 communication) and would also make a country visit to explore issues that may not have been fully explained in the written material.
- A report of the visit would be written and circulated to the country being examined; the report would be revised in light of comments received.
- The original communication, final team report, and any country comments not adopted would be circulated as a package to the SBSTA which would develop an evaluation of countries aggregate efforts to meet their communication obligations.
- During the deliberations of the Subsidiary Bodies (which are open ended working groups), individual Parties could take the opportunity, if they so desired, to provide additional critiques of another Party's communication.
- Finally, the full CoP would review the reports of the SUBSTA and SUBIM, and use this information in meeting its mandate under Article 4.2(b) and 7.2

Timetable for the First Review

While time constraints are severe, the United States believes that a first technical review (by the teams described above) can be completed by February 1995, in time for full translation and circulation in all languages to Parties prior to the first CoP. We urge the secretariat to seek assistance for this initial review from the IEA/OECD (which has considerable experience in reviewing country submissions). We also call upon Parties to nominate experts to participate in the review process.

However, the United States acknowledges that time constraints are likely to prohibit a formal review or approval by the subsidiary bodies (SUBSTA or SUBIM) prior to CoP I -- and consequently, also preclude a formal review by CoP I of the aggregation of countries' communications. For this reason, we believe that a separate meeting of the subsidiary bodies will

need to be called; we recommend that dates for such a session be set as soon as possible -- and recommend that such a meeting be within three months of CoP I.

INTERIM PROCESS: Pre-CoP I

It is clear that the work of the Subsidiary Bodies must begin prior to the first meeting of the Conference of Parties, Scheduled for late March 1995. In particular, we note that the Convention requires the review of the Adequacy of Article 4.2(a) and (b) to use as input information from both both subsidiary bodies. We assume that at least one part of this input will be the evaluation of each Parties' first communications -- due in September 1994, and presumably reviewed by the SBSTA prior to the first session of the CoP.

To undertake this review, the United States supports a modified/combined version of secretariat options B and C (see AC.237/46 para 53-55). In our view, it is not possible to establish formal meetings of the subsidiary bodies prior to CoP I. However, it is clear that the work must proceed. We therefore recommend:

- o That an ad hoc body undertake the task of reviewing national communications (providing their conclusions for review at the first CoP);
- o That the issue of adequacy be discussed -- as it is being here at INC 9 -- under the auspices of WG I of the INC. Such a discussion can proceed independently of the completion of the aggregation of plans, which task we do not believe can be completed within the short time available;
- o That CoP I be devoted to such tasks as making decisions on issues related to adequacy, and such additional tasks as election of officers, formally approving the subsidiary bodies and their rules of procedure, and developing a workplan for the next several years;
- o That a meeting of the subsidiary bodies be held to carry out their tasks shortly after CoP I; and
- o That to maintain the momentum established at COP I, a second CoP be held to aggressively develop next steps in implementing the Convention, hopefully within several months of COP I.

**B. Review of the adequacy of commitments in
Article 4.2 (a) and (b)**

PAPER NO. 1: AUSTRALIA**INTRODUCTION**

The Australian Government is committed to contributing to effective global action to deal with the potential threats posed by climate change. Australia's statement at INC9 on the review of the adequacy of commitments forms the basis for our approach to this matter (a copy of the statement is attached). Australia intends to participate actively in the continuing negotiations on the adequacy of commitments and future action consistent with the principles of the FCCC to achieve its ultimate objective. This submission summarises our preliminary thinking on this issue.

EXISTING COMMITMENTS

The existing commitments in the Framework Convention on Climate Change (FCCC) will not meet the ultimate objective of the FCCC set out in Article 2, because they will not stabilise atmospheric concentrations of greenhouse gases at any level. They do not deal with the post-2000 period, and they apply only to Annex 1 Parties.

FUTURE ACTION

The issue for the INC and the first Conference of Parties (COP1) is to identify mechanisms that will achieve effective progress towards meeting the FCCC's objective.

For any mechanisms to be effective, they will need to constitute feasible and cost effective means of stabilising greenhouse gas concentrations in accordance with Article 2 of the FCCC. Importantly, they will require the widest possible participation, and commitment by all Parties to the FCCC, recognising that developed countries must take the lead in modifying longer term trends in anthropogenic emissions. As well as being cost-effective, the mechanisms will also need to ensure an equitable distribution of costs in order to achieve the FCCC's objective equitably and effectively.

AMENDMENTS AND PROTOCOLS

Australia would be reluctant to re-open the carefully balanced language of Article 4.2(a) and (b) that was the result of long and protracted negotiations. This means that other approaches should be sought to achieve effective progress towards meeting the objective of the FCCC. Options include a protocol or protocols, resolutions at COP1, or some combination of the two.

PROTOCOLS

Australia considers that protocols provide the best means to achieve effective progress towards the achievement of the objective of the FCCC. At INC9, however, there was a wide variety of views over the nature, content and form of potential protocols. In addition, the remaining INCs before COP1 have a heavy work schedule relating to the implementation of the FCCC's existing provisions.

In view of these factors, protocols may take some time to negotiate. Consequently, Australia considers that the most practical approach is for formal negotiations leading to protocols to start following adoption of a resolution at COP1 to guide protocol negotiations.

At INC9 a number of countries suggested early views on the possible content of future protocols. These included targets and timetables; international standards; joint implementation regimes; burden sharing; emissions caps; sectoral approaches; and sinks. At this time Australia sees value in having the full range of policy options remaining on the table for more detailed consideration.

RESOLUTION AT COP1

A draft resolution for consideration by the first COP, calling for the commencement of negotiations on protocols will need to provide a sense of timing, direction for the negotiations and some key inputs. It would need, therefore, to reflect the following aspects:

- negotiations should be informed by key inputs such as the IPCC Assessment and supplementary reports, the IPCC Special Report and the 1995 Second Assessment, as well as the assessment of Annex I national communications;

- full incorporation of the principles contained in the FCCC, including the comprehensive approach, equitable burden sharing, countries' common but differentiated responsibilities, differences in starting points and economic structure and resource bases, the need to maintain strong and sustainable growth and to take into account available technologies and other individual circumstances, including fossil fuel dependency;

- based on the need for a global approach to emission control, the relative contributions that all countries could make (while recognising that developed countries are to take the lead);

- a focus on action post-2000, as the current commitments already apply to the pre-2000 period; and

- consideration of the optimal timing, eg, if the focus of the protocol is to be on action beyond 2000 then negotiations would need to be completed by 1998 at the latest in order for the protocol to have sufficient time to gather the required number of ratifications to enter into force by 2000. Alternatively, if the protocol were to take the form of setting international standards, the timing issue need not be linked to any particular milestone.

These aspects, would, of course, also need to be reflected in the protocols themselves.

BURDEN SHARING

Any protocol designed to strengthen countries' emissions commitments by including a binding quantitative commitment should include an equitable burden-sharing arrangement.

There is a wide variety of issues and approaches that will need to be considered in the development of burden sharing regimes. They could reflect aspects such as per person cost burdens, capacity to pay, cost of reducing emissions, overall cost-effectiveness etc. They would need to incorporate equity and efficiency principles; and be applicable to any binding quantitative emissions commitments.

There may be value in commissioning a study to develop a range of possible burden-sharing methodologies on a technical basis, recognising that these options for burden-sharing methodologies would need to be considered by the INC/COP. This might be done by an international organisation such as the OECD/IEA.

CONCLUSION

Australia's basic objective is to ensure that the FCCC and related instruments function effectively to reduce the threat of enhanced greenhouse warming and other human induced climate change.

In approaching future negotiations on protocols Australia considers it essential that the range of principles already set out in the FCCC be fully preserved.

**AUSTRALIAN INTERVENTION ON THE REVIEW OF THE ADEQUACY OF
COMMITMENTS ON 7 FEBRUARY 1994**

The Australian Government considers that this review is very important and welcomes the opportunity to participate in the debate. We consider this also to be very much a preliminary discussion and an initial exchange of views. Madam Chairman, Nauru drew a distinction between the political aspects of this subject, and the questions of process which it raises, and in its statement focussed on the political dimension. It is important that the INC not forget this question of process and that it establish an appropriate process for the conduct of the review, as set out in Article 4.2 (d) of the Convention. We have found the Secretariat's paper most helpful in this regard, and agree that it would be helpful if INC 9 could reach preliminary conclusions on the scope of the review, expected inputs and their timing and scheduling, and on institutional arrangements.

Other speakers today are also preoccupied with how best together we can ensure a successful outcome of the first Conference of the Parties. The review process needs to take into account a comprehensive analysis of Annex 1 countries' first communications of information to the COP, as well as input from the IPCC, including its special report to the COP, even though the precise way in which those documents are to be handled clearly remains subject to the outcome of continuing negotiations. I hope that discussions on these other issues later in the week will take us forward.

Australia also agrees with the Secretariat paper that one of the aims of the analysis of Annex 1 countries' first communications of information to the COP should be to provide an assessment of the progress Annex 1 countries have made towards meeting their existing commitments under Articles 4.2 (a) and (b) of the Convention, and an assessment of how that progress relates to achievement of the Convention's objective. This information will be crucially important to any consideration of follow-up action to the review of the adequacy of commitments, and to our reaching decision on the various proposals outlined today.

It is important at this preliminary stage to reaffirm that Australia's policy in relation to the Convention's commitments remains unchanged. Australia continues to support the adoption of targets and timetables for the limitation of greenhouse gas emissions, which take into account countries' common but differentiated responsibilities, differences in starting points and economic structures and resource bases, the need to maintain strong and sustainable growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by all countries to the global effort to meet the objective of the Convention.

In 1990 Australia adopted an interim planning target of stabilising emissions of greenhouse gases not controlled by the Montreal Protocol, based on 1988 levels, by the year 2000 and reducing these emissions by 20 per cent by the year 2005, but at the same time Australia indicated that it would not proceed with the adoption of response measures which have net adverse economic impacts nationally or on Australia's trade

competitiveness in the absence of similar action by major greenhouse gas producing countries.

INC members will of course be aware that the qualifying features attached to Australia's support for targets and timetables for the limitation of greenhouse gas emissions are identical to those contained in Article 4.2 (a) of the Convention. In moving forward debate on this issue, Australia attaches great importance to these features of the Convention and will argue that any outcome of the review of the adequacy of commitments should include their retention.

Similarly, we will, like Norway, argue strongly for continuing application of the comprehensive approach, and for appropriate recognition of the special circumstances of particular countries, including Annex 1 countries. Australia also fully supports the views put forward by our Pacific colleague, New Zealand, for a practical, flexible and equitable approach.

I have been very impressed by the detail, weight and scope of the views put forward this afternoon which merit careful examination. I can assure you that the Australian Government will examine the comments we have heard today with the utmost care as we work to fulfill the obligations we have assumed under the Convention, and to develop our future approach to this issue of the review of the adequacy of commitments.

PAPER NO. 2: AUSTRIA

In examining the question of the review of the adequacy of commitments Austria sees a necessity to concentrate on the substance of the issue rather than on the procedural aspect. Austria is convinced that the specific commitments included in Article 4.2 a + b will not be sufficient to ensure that Parties concerned undertake the necessary action so that the overall objective of the climate convention laid down in its article 2 will be reached. The availability of new scientific information on the global situation is not an essential element when dealing with the review of adequacy of commitment. The existing knowledge already allows and indeed justifies action. Having the precautionary principle in mind, we must not wait for the new IPCC assessment to start the review; we have to act before COP 1.

Austria considers it to be a primary task of the work of the INC and indeed the first Conference of the Parties to embark on a revision of these commitments and the possible negotiation and adoption of provisions containing additional commitments .

Annex I countries should stand ready to clarify the convention so as to make clear their agreement to a mandatory stabilization of CO₂-emissions by the year 2000, with a base year of 1990. For many Annex I countries this is already a national target; some of them have even tighter targets such as the Toronto target (e.g. Austria or Denmark). Austria is ready to agree to that commitment.

CO₂ is the Greenhouse Gas (GHG), which is at this point recognized as being the main contributor to the global anthropogenic greenhouse effect. Austria feels that the priority in regulatory actions should be on the negotiation of a CO₂ protocol. Such a protocol should as a minimum contain the mandatory target of a stabilization of CO₂ emissions by the year 2000 (base year 1990) for Annex I Parties. Austria would be prepared to go further and to accept a protocol, in which the so-called Toronto Target (i.e. a commitment for a 20 % CO₂ emission reduction by the year 2005 with a base year 1990 or even 1988) was made a specific obligation. The Toronto Target is already the national reduction target for CO₂ emissions in Austria. Although Austria's contribution to the worldwide CO₂ emission is considerably small, Austria feels that she has to bear responsibility and to reduce as far as possible her contribution to the worldwide CO₂ emission pattern. Austria would thus favour speedy negotiation and adoption of any instrument containing specific reduction targets for specific GHG emissions.

Austria is however not in favour of any comprehensive gas protocol. In such a case measures could be restricted to certain gases and sectors only, while other gases and sectors could be completely left out by the attribution of various Global Warming Potentials. Austria would therefore prefer to adopt a specific gas-by-gas approach.

In the future however, at least Annex I Parties should develop reduction targets not only for CO₂ but also for other GHGs. The possibility of including other greenhouse gases into a mandatory stabilization target and of extending the commitments to a substantial emission reduction of greenhouse gases has to be further explored. Even then such targets should be dealt with in separate instruments.

The adoption of Protocols containing specific reduction targets requiring measurable action by Parties would also require the establishment of a more targeted and effective implementation and compliance monitoring mechanism. Adding more commitments to the system of the Framework Convention on Climate Change will in itself not be sufficient. Such an enlarged system will require improved mechanisms. The mechanisms mentioned in Art. 13 of the Convention gain additional importance and timeliness in that context. Austria would consider that the additional instruments containing reduction targets should contain such procedures and mechanisms. The relevant experiences of the Montreal Protocol on Substances that Deplete the Ozone Layer could serve as an example to that effect.

PAPER NO. 3: DENMARK

**PROPOSAL FOR STRENGTHENING OF THE CLIMATE CONVENTION'S
COMMITMENTS REGARDING GREENHOUSE GAS EMISSIONS**

The development so far.

The adequacy of the Climate Convention with respect to the fulfilment of the long-term objectives of the Convention - stabilization of greenhouse gas concentrations in the atmosphere at a level preventing dangerous anthropogenic interference with the climate system - was discussed for the first time since the UNCED at the 9-INC Session in February 1994.

At the meeting broad consensus was reached that the present commitment laid down in the Convention for stabilizing emissions by the year 2000 is inadequate to realize the long-term objectives of the Convention.

Each of the countries Germany and Denmark informed that they were able to reduce CO₂ emissions by 20% by the year 2005, compared to the 1990 level. A request to Annex I countries to make the same commitment did not find support at the meeting.

However, the meeting saw the initial signs of recognition of the need for initiating a process towards further greenhouse gas reductions after the year 2000, including discussions on methods to implement the reductions.

The meeting seemed to agree that reductions of greenhouse gas emissions should be laid down in a protocol to the Convention. In this context it was noted that CO₂ is the greenhouse gas associated with the best basis of knowledge and the least uncertainties. Uncertainties involved in the quantification of emissions of the two greenhouse gases CH₄ and N₂O are more prominent, and their contribution to global warming is less significant than for CO₂.

Preparation of a Protocol

The aim should be to encourage the largest possible number of Annex I countries to adopt a protocol as soon as possible, providing for the highest possible reduction target.

At the 9-INC Session it was clearly stated that the adoption of a protocol at COP-1 is not realistic.

With this in mind efforts should be made to ensure that COP-1 adopts a proposal setting the **framework**, with time schedule, for the establishment of a protocol. Although negotiations on this issue might very well turn out to be very difficult, the last two INC Sessions in August 1994 and February 1995 should seek agreement on such a proposal, to enable further negotiations to be initiated immediately after COP-1.

The primary aim of the protocol will be to set targets to be achieved by Annex I countries within a specified period of time.

The secondary issue of the protocol will be to decide the instruments to be used to reach the targeted reductions.

This linking of objectives and instruments is considered necessary, first to ensure sufficiently broad support from Annex I countries.

Secondly, certain instruments can only be implemented with sufficient weight when used at international level.

In view of the above observations, and in the light of the economic burdens on Annex I countries in connection with emission reductions, it is important to ensure that the countries adopting the protocol seek to harmonize the most important instruments, i.a. economic instruments and minimum requirements for energy efficiency at the levels of production and consumption. Harmonization will contribute to avoiding distortion of competition. Reference is made to Article 4.2.e.i of the Climate Convention, which calls for Annex I countries to coordinate their economic and administrative instruments in the pursuit of the objective of the Convention.

An alternative to this linked approach is to adopt separate protocols, for objectives and instruments respectively. This approach will have the dual effect of separating the implementation of instruments from the objectives, and splitting up the various instruments in separate protocols, which can be adopted by countries as they please. Beside the bureaucracy involved, this approach will result in distortion of competition.

./ A memo is enclosed, on pros and cons of different instruments for regulation of CO₂ emissions.

Draft protocol framework:

1. The protocol regulates greenhouse gases, probably CO₂ in the first phase.
2. The protocol lays down targets to be achieved within a specified period of time.
3. Instruments.

MEMO ON PROS AND CONS OF DIFFERENT INSTRUMENTS FOR REGULATION OF CO₂ EMISSIONS

In connection with the growing recognition of the inadequacy of commitment of the Climate Convention, and associated demand for implementation of emission reductions proper, there is a need for deciding the specific instruments to be used to reach the Convention objectives. This memo is an attempt to give an overview of possible instruments and a short discussion of pros and cons.

Requirements to be fulfilled by instruments

Today we see a general recognition that instruments in the field of the environment must be economically efficient. By efficiency we mean regulation that brings about the highest environmental improvement per cost unit as at all possible.

However, at international level future regulation should not only be exerted in a manner which is most efficient, globally speaking. A large number of other aspects require a more subtle approach. What is most appropriate is probably to base regulation on a strategy applying several regulatory instruments at the same time. This multisided approach will gain the acceptance of a larger number of countries, since the application of several instruments may prevent distortion of international competition.

Economic instruments

The economic instruments mentioned in this memo are:

- CO₂ and/or energy tax
- tradeable emission permits including joint implementation
- subsidies

The principle underlying the economic instruments is that all consumers have a free choice, but the pricing system reflects the environmental soundness of products. The major advantage is that CO₂ reductions take place in sectors yielding the most significant reductions at the lowest costs.

On the other hand, at regional/global level examples of the use of economic instruments have not been seen before. Experience gained so far does in fact show that it is very difficult to reach international agreement on the use of for instance the tax instrument.

The fact that a specific instrument is efficient at regional or global level will, however, not rule out very serious effects on certain countries, local areas or enterprises, the production of which is very energy-demanding. Global efficiency will, thus, not prevent some parties involved from considering it the opposite.

CO₂ and/or energy taxes

Theoretically, an international CO₂/energy tax is the best solution for all countries, particularly in the long run. The tax is relatively easy to administer, because the CO₂ emission does not depend on the incineration process applied.

There are, however, problems involved in the use of the tax instrument, because some production processes and products are seriously affected, and not least because some countries are affected more severely than others.

At international level we do not dispose of an authoritative body capable of administering a tax system, which is foreseen to be administered by individual countries. The important question, once the tax is adopted, is how the proceeds are used.

However, the major and most topical problem is that the tax will inevitably affect the international industrial structure, with benefits to some countries, and drawbacks to others. By way of example the extraction of aluminium may be moved from one country to another country, where hydropower is used. This kind of change will of course benefit the climate, but the economic impact at local and regional level will be decisive to individual countries' endorsement of the tax instrument.

The problems involved in structural changes should, however, hardly be compensated for by tax differentiation. A differentiated tax will probably only induce low-tax regions to continue their use of old technology, and large energy consumers will tend to localize accordingly. This will not favour the global climate. Filling of the gap between Annex I countries may instead be based on a separate mechanism set up to assist weaker regions in the process of economic development.

A CO₂/energy tax is one of the most significant instruments for reduction of CO₂ emissions, this is due to the assumption that increased energy prices are bound to increase efficiency in the use of energy. Higher energy prices will work as an incentive to all energy consumers, inducing them to demand more efficient appliances, and inducing industry to carry out research and development activities in this field. The tax will, thus, form the basis for a dynamic move towards growingly energy efficient equipment. It can, however, not ensure achievement of

national reduction targets within a given deadline, unless it is combined with other instruments.

Tradeable emission permits including joint implementation

The benefits presented by tradeable emission permits are the same as those derived from taxes. The permits are also flexible in terms of application to either countries, regions or industrial enterprises.

In connection with FCCC we will, however, no doubt be faced with difficulties in connection with allocation of the initial quotas. By way of example it will be difficult to decide whether allocations should be based on current emissions per capita, per GNP or be related to for instance the 1990 emission level. There are also other possibilities, all characterized by the fact that they will probably not be able to gain universal consensus.

As opposed to taxes, the use of emission permits will of course enable establishment of the exact permitted emissions of CO₂, expressed in tonnes, at a given date. However, the reduction targets should apply not only to countries, but also at regional or global level, in order to make the system function efficiently. Introduction of tradeable pollution permits is a new manner of reaching a target set by the international community, requiring countries to delegate sovereignty to an international authority. In connection with the Climate Convention a more clear-cut definition of the concept of tradeable permits has been developed, taking the form of joint implementation.

Joint implementation is not a single-valued concept, but refers primarily to a situation where a government or an enterprise located in a given country invest in another country, and the investing country may then credit its CO₂ account with all or part of the reduction achieved from the investment.

Joint implementation might be a cost-efficient way of achieving global reductions, because a given enterprise would not invest in cleaner technology in another country if similar or larger reductions could be achieved at home.

Joint implementation is, however, somewhat problematic, given the static perspectives involved. Contrary to this, a CO₂/energy tax would support a dynamic economy, at all times favouring the energy efficient enterprise and consumer.

Subsidies

Subsidies might be used to promote research and development activities in the field of cleaner energy technology and products and processes of the same quality and property but involving less energy. Essentially the effect of subsidies is

opposite to that of taxes, but often inducing considerable administrative costs and problems of random effects, caused among others by lack of information.

Subsidies might, however, be appropriate *inter alia* for the development of new energy-saving technologies or products, which, when subsidized, will have a better competitive position than traditional products or technologies. The effect of subsidies can be increased by awarding them on the basis of internationally agreed criteria, for instance in connection with the establishment of common standards.

Other instruments

Other instruments mentioned in this memo are:

- product and/or process standards
- planning, with increased use of alternative energy sources
- energy efficiency
- education, training and information

These tools are not economic incentives in the traditional sense of the word. There is, however, no doubt that the use of one or several will have economic implications and lay economic burdens on countries, sometimes exceeding the costs involved in the introduction of economic instruments proper.

Product standards

Over time we have seen marked improvements of the efficiency of energy-demanding products. There is every indication that this development has only just started, among other things because the awareness of energy efficiency aspects used to be limited.

It is therefore reasonable to try to make international agreements requiring certain products must within certain deadlines fulfil specified standards for performance/unit, thus ensuring that the most energy demanding products will gradually disappear from the market.

Incentives to initiate research efforts will be further strengthened by parallel introduction of a tax, causing the cost-effectiveness of new products and production processes to improve.

Planning, with increased use of alternative energy sources

Once the final reduction targets of the future protocol have been set, planning may contribute largely to the efforts to ensure efficiency in the implementation of the various initiatives.

In Denmark we have in the last 15 years carried out systematic energy planning to manage the broad spectrum of administrative and economic instruments. Among the results achieved, energy consumption for heating has been considerably reduced, and the choice of fuels may be regulated. Through appropriate planning we may also be able to promote sound application of renewable energy sources.

The planning instrument is, however, not used equally by all countries. The introduction of Integrated Resource Planning (IRP) in Annex I countries may provide the common basis of planning required to increase coherence between energy production and energy consumption, and thus improve the exploitation of resources.

Energy efficiency

It is possible to achieve large CO₂-reductions if energy efficiency is given a high priority internationally.

Energy efficiency contains a whole spectrum of initiatives i.e. better use of fuels in power plants, coproduction of heat and power both in big and small power plants, use of district heating, energymanagement, standards for insulation in buildings etc.

Through the use of different economic and administrative instruments it is possible to implement a variety of projects concerning energy efficiency. Many projects can be realized with positive effects on both the socio economics and the consumer economics.

Education, training and information

In order to increase penetration of the proposed instruments, information is required to strengthen the energy awareness of individual users.

The undue excess consumption of energy resources which sometimes takes place today, and which can be reduced at relatively low costs, is not a result of bad will, but inter alia due to lack of financial resources and knowledge of alternatives.

Therefore, also at international level it is important to strengthen the knowledge on energy efficiency aspects held by common consumers, by industry, and by administrative/political decision makers.

PAPER NO. 4: FRANCE

Position française concernant l'adéquation des engagements de l'article 4-2a et b de la Convention sur le changement climatique

Lors du 9e CIN à Genève du 7 au 18 février 1994, l'Union européenne a reconnu que les engagements des articles 4.2a et b de la convention étaient inadéquats pour atteindre le but ultime de la convention.

Afin de remédier à cette inadéquation, l'Union européenne a envisagée quatre options pouvant se regrouper en deux types de solutions:

- la fixation d'objectifs de résultat au delà de l'an 2000,
- l'adoption d'engagements sur des moyens à mettre en oeuvre.

Si la nécessité d'une clarification du texte de l'article 4.2 apparaît être un des moyens d'arriver à une définition précise de nos engagements futurs, la France, en accord avec l'Union européenne, estime préférable de conserver le texte actuel en l'état; en effet, engager un processus de révision du texte de la convention est inopportun car cela entraînerait la réouverture de négociations longues et complexes.

Aller au delà des engagements actuels par la fixation d'objectifs de résultats par pays ne serait possible qu'à la condition de tenir compte équitablement des situations de départ. D'ores et déjà, les engagements actuels ne conduisent pas tous les pays à infléchir les tendances à long terme de leurs émissions comme le demande la Convention, et ils sont inéquitables; il sera donc difficile d'aboutir dans une négociation visant à définir des résultats plus contraignants. Par ailleurs, l'évaluation des émissions des gaz à effet de serre, autres que le CO₂, étant entachée d'une forte incertitude, des objectifs de résultats ne leur sont pratiquement pas applicables.

L'une ou l'autre de ces deux solutions ci-dessus peut être recherchée par une modification de la convention ou par l'adoption de protocoles. Cette 2ème formule paraît être la voie la plus opérationnelle car elle permet de progresser de façon différenciée sur divers points avec un nombre plus ou moins important de partenaires, sans qu'il soit nécessaire que tous les signataires de la convention soient signataires de chaque protocole.

Une formule telle que celle des "protocoles de moyens" possède de nombreux avantages car elle permet:

- de réaliser au mieux l'harmonisation des conditions de concurrence et une répartition équitable de l'effort (homogénéisation des coûts par tonne de gaz à effet de serre évitée),
- être opérationnelle plus rapidement,

- de mettre en place des actions concrètes parfaitement ciblées et plus aisément contrôlables,

- de réduire les émissions de façon progressive.

Largement ouvert à toutes les parties, un protocole permet de plus aux pays non compris dans l'annexe I, et notamment aux plus développés d'entre eux, de souscrire des engagements. Il représente ainsi l'outil le plus souple, le plus praticable et le plus performant.

La France préconise en priorité la mise au point de protocoles à caractère économique (suppression des subventions à l'utilisation de l'énergie et taxation du CO₂); par ailleurs, lorsque cette approche est justifiée en terme de coût efficacité, des protocoles à caractère technique pourraient aussi être mis en oeuvre, concernant les véhicules, certains équipements, ou certaines installations.

PAPER NO. 5: GERMANY

One of the crucial issues the first CoP will have to decide upon is the question whether Art. 4 para. 2 a and b of the FCCC, containing the commitment by Annex I Parties to limit greenhouse gas emissions and to protect and enhance sinks and reservoirs, is adequate in view of the ultimate objective of the Convention. This has been already stressed in the statement of the European Union which we fully support.

This is the first time that the review of the adequacy of commitments is on the agenda of INC. We think that the interim secretariat's paper - doc. A/AC.237/47 - provides an excellent basis for our first exchange of views, and we would like to thank the secretariat for its work.

As it is pointed out in the secretariat's paper, there are - at least theoretically - two conclusions CoP 1 could come to: It may conclude that Art. 4 para. 2 a and b is adequate or that the present commitment is not adequate and, therefore, further action to limit and reduce greenhouse gas emissions is required.

Already now Germany is convinced that CoP 1 can only come to the second conclusion, and this for two reasons:

- According to current scientific knowledge, the present commitment of Annex I Parties does not suffice at all to achieve the objective of the Convention as enshrined in its Art. 2. Some hours ago, Prof. Bolin was very clear on this point.
- Moreover, Art. 4 para. 2 a and b only cover the period until the year 2000, whereas commitments for the time after 2000 are missing.

Thus being confronted with the inadequacy of the present commitment of Annex I Parties, Germany is convinced that further-reaching action is urgently required. To my Government, therefore, it is essential that the present commitment of Annex I Parties in Art. 4 para. 2 a and b be strengthened significantly.

At this stage, Art. 4 para. 2 d stipulates that the first CoP will have to concentrate on reviewing the Annex I Parties' commitment. But, of course, we would welcome any other Contracting Party who might be willing to join our efforts.

1. First of all, it seems necessary to specify the commitment taken on by Annex I Parties under Art. 4 para. 2 a and b, as there appear to be different interpretations. In our view this should be achieved through a clarifying decision of the first CoP and/or Annex I Parties. This decision should reflect the common understanding of Parties that pursuant to Art. 4 para. 2 a and b, Annex I Parties are committed to return by the year 2000 to their 1990 emission levels of CO₂ and other greenhouse gases not controlled by the Montreal Protocol.

2. But apart from this clarification, taking the Convention's objective seriously means that we urgently need a further-reaching commitment to considerably reduce anthropogenic greenhouse gas emissions after the year 2000.

With regard to the instrument for such reduction commitments, we would suggest the negotiation of a protocol, not an elaboration of the FCCC itself: Amendments of the Convention could imply reopening negotiations on the text which, in view of the long and complex negotiations we had, does not seem to be useful. Moreover, a protocol appears to be more flexible with regard to its elaboration.

The German Federal Government would favour the adoption of a protocol as early as during the first CoP. We are, of course, aware that this is a very ambitious objective. However, such negotiations on reduction commitments in a protocol, taking 1990 as the basis year of the Convention, should start immediately to achieve the overall objective of the FCCC.

As a minimum, a mandate to negotiate such a protocol should be given by CoP 1. This mandate should contain priorities for the agenda and set a time limit for the conclusion of the

negotiations. The third CoP in 1997 should be envisaged as a deadline.

3: With regard to the content of the protocol, the German Federal Government favours a comprehensive protocol for greenhouse gases, their sources and sinks and for all sectors to several individual protocols. This option provides the most flexibility and is best suited for the comprehensive approach of FCCC. It is also able to take account of the fact that specific individual strategies can have effects on the emissions of several gases simultaneously.

Within the framework of such an implementation strategy, a step by step approach should be pursued, based on up-dated scientific findings.

It is the opinion of my Government that the first CoP should at least achieve stabilisation of CO₂ emissions based on the 1990 emission levels and in particular agree on ambitious CO₂ reduction commitments for the period after the year 2000. Germany has nationally established policies and started measures aiming at a 25 - 30% reduction of CO₂ emissions until 2005, based on 1987 emission levels. Germany between 1987 and 1990 has already reduced its CO₂ emissions by about 5%. We call upon the other Annex I Parties to join us in undertaking comparable efforts.

Following the comprehensive approach of the Convention, it is not only CO₂ that has to be reduced. Therefore, the first CoP should also adopt first specific commitments to limit methane (CH₄) and nitrous oxide (N₂O) emissions. Requirements should be formulated for each gas individually.

Such emission reductions should, in principle, be implemented at national level. The concept of joint implementation as enshrined in the Convention could, however, provide an effective additional incentive for achieving ambitious reduction commitments.

The German Federal Government considers it necessary not only to include quantitative targets and set deadlines in such a protocol, but also to adopt specified strategies. This corresponds to the

obligation in Art. 4 para. 2 e which requires Parties to coordinate, as appropriate, relevant instruments.

Specific strategies could, i.a., include the application of economic instruments like, e.g., the CO₂-/energy tax, the increasing of energy efficiency, an increased use of renewable energy sources, or the preservation, sustainable management and improvement of existing forests as well as afforestation. Also, one should think of the reduction of unnecessary traffic and transport, a shift to more environmentally sound means of transport, and specific strategies in the agricultural field, such as a modified use of fertilizers.

Let me conclude: The German Federal Government is strongly in favour of a protocol including targets and timetables as well as specified strategies, because they complement each other in their respective effects: Through the setting of targets and timetables it is possible to formulate clear political objectives for climate protection and to provide a reliable framework for planning and investment decisions. The adoption of specified strategies contributes to harmonising national climate protection policies of individual countries.

A more detailed outline of the German position with regard to the adequacy of commitments is given in a paper annexed to our statement which we have given to the secretariat in order to be distributed.

Review to determine the adequacy of the commitments under the Framework Convention on Climate Change and further appropriate procedure

1. Overall objective and background

From the perspective of the Federal Government, the negotiations to prepare the first Conference of the Parties (first COP) focus on the implementation of the Framework Convention on Climate Change (FCCC), its specification and elaboration.

In view of the ecological and economic contexts, Germany considers it necessary to work towards concerted action so that individual Contracting Parties undertake comparable measures in climate protection. Only through this approach will it be possible to effectively counteract the global problem of the feared anthropogenic greenhouse effect. This applies from both the ecological and the economic point of view.

The objective of FCCC is to stabilise concentrations of greenhouse gases in the atmosphere. Climate protection requires a sustainable reduction of anthropogenic emissions of greenhouse gases as soon as possible. From the Federal Government's perspective this implies that

- the existing Framework Convention must be implemented and specified as soon as possible,
- existing unclarities and scope of interpretation must be clarified,
- the objectives so far enshrined in FCCC and agreed upon by the various categories of Contracting Parties to achieve the Convention's objective must be elaborated.

Consequently, the Federal Government regards the following points as a basis for the preparation of the first COP:

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- (1) FCCC contains the commitment of Annex I Parties to contribute to achieving the Convention's objective (Art 4 para 2 a and b) by reducing the anthropogenic emissions of greenhouse gases, returning to the 1990 emission levels. The first COP is to consider, inter alia, whether this commitment suffices to achieve the objective of the Convention. In this context, pursuant to Art 4 para 2 d, the review by the first COP is restricted to the respective commitment of Annex I Parties.

- (2) Climate protection requires limitations as soon as possible and considerable reductions of global anthropogenic greenhouse gas emissions in the medium term. Also in view of the developing countries' emissions which are increasing particularly strongly and which are certainly to be expected according to the forecasts available, the industrialised countries will be called upon in particular. It is therefore insufficient to agree only on the emission level of a particular year (basis); it must be complemented by a deadline (target).

2. Current commitment under Art 4 para 2 of FCCC

In specifying the commitments taken on by Contracting Parties under FCCC, it is necessary to consider the text, evolution, the aim and purpose of FCCC as an orientation. There are different interpretations of the current commitment under Art 4 para 2 a and b:

- (1) According to some Contracting Parties, the current commitment of Annex I States pursuant to Art 4 para 2 b merely implies a reduction of CO₂ emissions and emissions of other greenhouse gases not controlled by the

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Montreal Protocol, returning to the 1990 emission level. Strictly on the basis of the Convention's text and evolution, they argue that the target "by the end of the present decade" is contained in another sub-paragraph (Art 4 para 2 a) without being directly linked to para 2 b. According to these Parties, the negotiation process proved that the Contracting Parties deliberately failed to establish a direct link. The group thus believes that the conclusion of a link between the target and the commitment to return to the 1990 emission levels cannot be drawn immediately from the Convention.

- (2) Numerous other Contracting Parties interpret these commitments in the sense of a "return to the 1990 levels of greenhouse gases by the year 2000". They believe that any other interpretation is incompatible with the objective, purpose and spirit of the Convention. This interpretation is in particular based on the general objective enshrined in Art 2 of FCCC.

In view of this situation, the Federal Government proposes to overcome these diverging interpretations through a decision to be taken by the first COP and/or Annex I Parties. The decision should reflect the common understanding of Parties that pursuant to Art 4 para 2 a and b, Annex I Parties are committed to return by the year 2000 to the 1990 emission levels of CO₂ and other greenhouse gases not controlled by the Montreal Protocol on the basis of FCCC. Not being a legally binding instrument, such a decision would be appropriate to clarify the present text while not

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laying down any new commitments of a legally binding character.

- (3) There is yet another interpretation suggesting that FCCC at present already contains a commitment for Annex I Parties to stabilise greenhouse gas emissions by the year 2000 on the basis of the 1990 levels. According to the Federal Government, such an interpretation implies a commitment that goes beyond the text of the Convention. This would overtax the possibilities of interpreting the text of the Convention. Germany believes that an agreement on a stabilisation commitment for greenhouse gas emissions rather requires a legally binding instrument (either amendment of the Convention or formulation of a protocol).

3. Further-reaching commitments of Annex I Parties

The commitments to return greenhouse gases to previous emission levels contained in Art 4 para 2 a and b do not suffice to achieve the objective of the Convention. The objective of the Convention enshrined in Art 2 and the view of the overwhelming majority of climatologists based on empirical research results and model calculations give rise to the need for a precautionary policy with the aim of substantially reducing greenhouse gas emissions after the year 2000. The Federal Government therefore considers it necessary to agree on a commitment to reduce anthropogenic greenhouse gas emissions initially to apply to Annex I Parties; this could be implemented through elaboration of the Convention or supplementary instruments.

According to the Federal Government, amendments and/or exten-

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sions of the Convention should not be taken into account. Amending FCCC would imply reopening of negotiations on the text. In view of the complex and long negotiations that were necessary to formulate FCCC, this does not seem to be useful. We should rather continue to take FCCC as our shared and agreed basis. Moreover, a protocol would imply greater flexibility with regard to its elaboration. Germany advocates the negotiation of such a protocol for the above reasons.

The text of draft protocols is to be submitted at least 6 months prior to its adoption by COP. The Federal Government is aware of the fact that adopting a protocol as early as during the first COP presents a very ambitious objective. However, such negotiations on ambitious reduction commitments in a protocol, taking 1990 as the basis year of the Convention, should commence immediately to achieve the overall objective of the Framework Convention on Climate Change.

As a minimum objective, the Federal Government strives for a mandate to negotiate such a protocol to be given by the first COP. This mandate should contain priorities for the agenda and set a time limit for the conclusion of the negotiations. The third COP in 1997 should be envisaged as a deadline.

The appropriate body to hold negotiations would either be one of the two subsidiary bodies or an ad hoc open ended working group. In the Federal Government's opinion, the tasks given to the two subsidiary bodies by FCCC are rather of a technical nature. Articles 9 and 10 of FCCC assign comprehensive tasks to these bodies and there might be the risk of overstraining them. The Federal Government is therefore in favour

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of entrusting an ad hoc open ended working group with the mandate to work out such a draft protocol unless it is possible to draft a protocol within the framework of existing working groups of INC before the first COP.

4. Content and implementation of the protocol

The Federal Government prefers a comprehensive protocol for greenhouse gases, their sources and sinks and for all sectors to several individual protocols. This option provides the most flexibility and is best suited for the comprehensive approach of FCCC. It is also able to take account of the fact that specific individual strategies can have effects on the emissions of several gases simultaneously.

Within the framework of such an implementation strategy, a gradual approach should be pursued, in the opinion of the Federal Government, based on up-dated scientific findings.

The first COP should achieve a stabilisation of CO₂ emissions by the year 2000 based on the 1990 emission levels and in particular agree on ambitious CO₂ reduction commitments for the period after the year 2000. Moreover, it should adopt commitments to limit CH₄ and N₂O. Requirements should be formulated specific to the greenhouse gases (i.e. for each gas individually).

The Federal Government considers it necessary to include quantitative targets and set deadlines in such a protocol. Only through this approach will it be possible to formulate clear political objectives for climate protection and to provide a reliable framework for planning and investment deci-

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sions.

Emission reductions should, in principle, be applied at national level. The concept of "joint implementation" enshrined in FCCC enables Contracting Parties to meet commitments to limit greenhouse gases in cooperation with other Parties. In case of specific reduction commitments to be adopted in future, it stipulates that a certain proportion yet to be determined has to be met through national measures. Joint implementation could provide an effective impetus for ambitious reduction commitments.

Moreover, the Federal Government considers it necessary to adopt specified strategies in the protocol. This contributes to harmonising national climate protection policies of individual countries.

Such strategies could include:

- application of economic instruments, e.g. CO₂/energy tax,
- increasing energy efficiency,
- increasing the use of renewable energy sources,
- reduction of unnecessary traffic and transport and shift to more environmentally-sound means of transport,
- reduction of emissions through modifications in the application of fertilizers and livestock farming in agriculture,
- preservation, sustainable management and improvement of existing forests and reforestation.

In terms of institutionalisation, the Federal Government considers it imperative to prevent a doubling of FCCC bodies by

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means of a protocol. The subsidiary bodies, the Secretariat and the financial mechanism should also be available to the Contracting Parties of the protocols. It is only the composition of the Conference of the Parties that would differ depending on the state of ratification. Nevertheless, the Federal Government is of the opinion that it would be useful to hold joint meetings of the respective bodies of the Contracting Parties. If necessary, they would apply different voting rights.

PAPER NO. 6: GREECE
(On behalf of the European Community and its member States)

1. We would like to take this opportunity to thank the Secretariat for the consistently high quality of documents and especially of document A/AC.237/47 which has been a very useful basis for our consideration.
2. This is the first time INC is addressing this issue. Therefore, our comments at this stage will be general, trying to establish a general structure for the discussion and giving preliminary views on the options that could be envisaged to address the adequacy of commitments.
3. The need to review the adequacy of the commitments of subparagraphs (a) and (b) of article 4.2 of the Convention is established in subparagraph (d) of the same article. This review shall take place at COP 1 and subsequently at regular intervals "until the objective of the Convention is met". In order for COP 1 to take action based on the review of the adequacy of 4.2 a) and b), the preparatory work by INC should be "carried out in the light of the best available scientific information and assessment of climate change and its impacts, as well as relevant technical, social and economic information". The main inputs to the review process before COP1 will be the IPCC Special Report of October/November 1994 and the information contained in the national communications of Annex I parties, to be submitted not later than six months after entry into force of the FCCC.
4. The European Union is of the opinion that, given the fact that IPCC in its special report on scientific issues will not report on climate impacts and response options, it is unlikely that a substantially different picture of the state of the science will emerge compared to the last IPCC update report of 1992. Therefore, current knowledge sufficiently warrants the conclusion that the commitments in 4.2 (a) and (b) are not adequate in making enough progress towards reaching the ultimate objective of the Convention and that further action to limit and reduce global greenhouse gas emissions and to enhance sinks and reservoirs is necessary through strengthening of FCCC.

5. In addition to this, the EU believes that there is one other important reason for not considering adequate the present commitments in 4.2(a) and (b) : the fact that present commitments only deal with the period until the year 2000, while guidance for the period after 2000 is completely lacking.

6. The EU considers that it is necessary to start the discussion on what action to be taken by the Conference of the Parties based on the review process. We have been considering different options for action, which can be described as follows:

Option 1. Cleaning up current language in 4.2 (a) and (b) without introducing new elements, to eliminate the ambiguity and confusion the current text causes.

Option 2. Introducing the concept of an emission "cap" (keeping emissions below 1990 level).

Option 3. Addressing standards, measures or instruments (by means of protocols), instead of targets and timetables.

Option 4. Strengthening the targets, beyond the year 2000.

7. We think that option 1 could be worth exploring, because it would improve the common understanding by Annex I parties of present commitments facilitating the consideration of any future commitments. However, we are of the opinion that we should keep the current text of the Convention as it stands. In practice, we feel that Annex I parties have the same and common understanding of the text, that is to adopt policies and take measures with the aim of returning individually or jointly emissions to their 1990 levels by the year 2000. This common understanding of Annex I parties commitments should be expressed through a decision of the parties to be taken by the first Conference of the Parties and/or Annex I parties. Option 2 would introduce a guidance for Annex I parties not to let their emissions grow again after the year 2000.

8. The European Union believes that the most interesting options are 3 and 4. It would be worthwhile to explore issues to be subjects to protocols. In case these would require more time to negotiate than available till COP1, it could be considered to start work with the intention to take decisions at COP2 or later.

9. Option 4, the strengthening of targets after the year 2000, should be regarded as the best approach to make progress towards meeting the ultimate objective of the Convention. We find it of the utmost importance that the industrialized countries recognize their responsibility for the development so far. This should be reflected in their readiness to make the necessary commitments to fulfil the ultimate objective of the Climate Convention. There are, however, a number of differences among Annex I parties which have to be taken into consideration.

 10. In this context, it is useful to consider the concept of joint implementation. The European Union expressed their position during INC 8 that joint implementation shall not be used to meet present commitments under the Convention. Once more, it is worth recalling that the ultimate objective of the Convention implies the need to stop the growth of global emissions, and this should be objective for the strengthening of the FCCC. We envisage that joint implementation could play a significant role after the year 2000 for global emission reductions according to future developments.

 11. So far we have been referring to the review of the adequacy of commitments of Annex I parties as subparagraph (d) of article 4.2 of the Convention requests. However, the European Union considers that in dealing with further commitments under the FCCC it would be reasonable to maintain a balance between industrialised and developing countries commitments, for instance in the form of further requirements for non-Annex I parties on reporting and limitation of emission growth for certain more advanced developing countries.
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PAPER NO. 7: NETHERLANDS

Introduction

This paper provides background information to the intervention of The Netherlands during the discussion about the issue of the review of the adequacy of the commitments at the 9th session of the INC in february 1994. The intervention made at that session is part of this submission and is attached as annex 1.

Legal basis

The Framework Convention (FCCC), art. 4.2.d (in accordance with art 7, para 2.a and e) contains the basis for the review of the adequacy of the commitments: It says that the CoP reviews the adequacy of art 4.2.a and b at its first meeting, "in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information". This provision of FCCC is directly related to the ultimate objective as stated in art.2.

Art. 4.2.d also states that "a second review of para's a and b shall take place not later than 31 december 1998 and thereafter at regular intervals determined by the CoP, until the objective of the convention is met."

The information contained in the national communications of annex I countries, to be submitted not later than 6 months after entry into force of FCCC (art. 12.2 and 12.5) will provide an input to the review process.

If CoP-1 decides that art 4.2. a and b are inadequate given the state of the science and given the knowledge on impacts, technical, social and economic aspects, then CoP-1 can take action. Again, this decision is driven by the ultimate objective of FCCC (art.2).

These actions can take many different forms, such as resolutions, amendments (in accordance with art. 15) or protocols (in accordance with art.17).

Proposals for amendments or protocols have to be submitted not later than 6 months before CoP-1 (that is before September 21, 1994), in accordance with procedures as laid down in art. 15 and 17.

Elements of the review process

Based on the elements specified in art 4.2.d., formally speaking, the following elements have to be considered as part of the review process:

- a. The state of scientific information, based on IPCC Special Report of October/November 1994 (approval by Working Group I of IPCC scheduled for mid-September 1994); this IPCC report will include:
 - assessment of Global Warming Potentials
 - recommendations on methodologies for inventories
 - a preliminary assessment of significant changes in the state of knowledge about the science of climate change
 - an evaluation of current scenario's of GHG emissions and removals by sinks
 - methodologies to assess the global results of measures
- b. Aggregation of information from national communications of Annex I parties.

- c. Assessment of global emission projections (since IPCC Wg 3 will not produce an interim report with new emission scenario's not much will be added to already existing knowledge).
- d. Assessment of climate impacts (since IPCC wg 2 will not produce an interim report on this subject not much will be added to already existing knowledge).
- e. Assessment of mitigation options and costs and other relevant technical, social and economic information (since IPCC will not produce an interim report on this subject not much will be added to already existing knowledge).
- f. Overall assessment by INC and recommendations to CoP-1

How the review should be performed by CoP-1

Given the fact that IPCC in its special report of October/November '94 on scientific issues will not report on climate impacts, emission scenario's and response options, it is unlikely that a substantially different picture of the state of the science and the impacts will emerge compared to the last IPCC update report of 1992. Therefore the review process can be simplified compared to the schedule described above in order to reduce the burden on the secretariate.

If there are indeed no significant changes in the scientific assessment as included in the special report of October/November '94, then the position of The Netherlands is, that current knowledge sufficiently warrants the conclusion that the commitments in art 4.2.a and b of the Convention are not adequate in making sufficient progress towards reaching the ultimate objective of the convention and that strengthening of FCCC is necessary in order to limit and reduce global greenhouse gas emissions and to enhance sinks and reservoirs.

In addition, it is the Netherlands' position, that the current obligations under the Convention are inadequate because they do contain insufficient guidance for the period beyond the year 2000, while at this moment already many decisions are taken that directly affect emission levels in the period after the year 2000 (transportation infrastructure, energy systems, industrial plants, buildings and houses). For that reason alone the commitments in art. 4.2.a and b. are clearly inadequate.

Consequences of review

If the conclusion is that the commitments in art 4.2 are insufficient, then the next question is: "what action to be taken? Actions can take many different forms. Options that should be considered are:

Option 1: Cleaning up current language without introducing new elements; this can be done in several ways:

- 1A. a resolution of the CoP that art. 4.2.a and b will be interpreted by the Annex-I countries as meaning that GHG emissions have to be reduced to their 1990 level by the year 2000; such a resolution could eliminate the ambiguity and confusion the text of art. 4.2.a and b causes.
- 1B. a formal amendment of art 4.2.a and b. according to the description given above.
- 1C. a separate protocol on emission reduction obligations according to the description given above. Advantage of a protocol is that a limited number of Parties (Annex-I) can subscribe to a protocol and protocol amendments are easier to implement.

Option 2: introducing the concept of stabilization of emissions, or maybe more clearly expressed as an emissions "cap" (an emission level which is not to be exceeded in years after which it applies):

- 2A. introduce emission cap in art 4.2. through amendment (for instance by adding something like "keeping the emissions at or below the 1990 level in the period after 2000")
- 2B. same through protocol

Option 3: one or various protocol(s) that do not address targets and timetables but standards, measures or instruments. The following areas might be considered for a protocol:

- 3A. energy efficiency standards for products or production processes
- 3B. demand side management/ least cost planning
- 3C. use of renewable energy
- 3D. fuel efficiency standards for automobiles (auto producing countries only?); same for aircraft and ships.
- 3E. transportation measures (speed limits, promotion of low CO₂ transport modes)
- 3F. economic instruments (such as energy/carbon taxes, tradeable permits, protection against free riders)
- 3G. HFC's (since no action can be taken under Montreal Protocol); could take form of obligations to use closed systems and/or imposition of future "cap"
- 3H. methane use from landfill sites

Option 4: protocols or amendments that aim at stopping the growth of global emissions: in view of the scientific information as provided by IPCC it is to be expected that article 2 of FCCC will in the long run require a substantial reduction of global emissions of GHG's compared to present levels. Given the urgent need for improvement of the living conditions of large parts of the world population it is inevitable that emissions from most developing countries will increase substantially. Stopping the growth of global emissions can be seen as a first step to control the greenhouse problem in the long run. Stopping the growth of global emissions could therefore be the next focus of strengthening commitments. The following options can be identified:

- 4A. Further reduction of GHG emissions of Annex-I countries. In going beyond the stabilisation of emissions at 1990 levels it would be increasingly difficult to maintain the "everybody is the same approach" used so far. This approach worked politically for the current convention. There are however so many differences among Annex-1 countries in economic development, energy use, per capita emissions, costs of GHG emission reductions and measures taken in the past, that continuing this approach would make it almost impossible to reach agreement on further reductions.

A possible approach could be to commit to collective reductions by the group of Annex-1 countries. For instance in the form of a 5% reduction below 1990 level by 2005 or a 10% reduction by 2010. Of course, the burden sharing between the countries belonging to Annex-1 should be resolved then, which might not be easy. Cost-effectiveness could then however be exploited to reduce the costs for all Annex-I countries substantially.

- 4B. Separate international commitments (that is emission reductions to be realised in other countries through JI) of x% of 1990 emissions (to be realised by a given year, say 2005 or 2010), on top of existing obligations under the convention that apply nationally. Such international reduction obligations could apply to individual countries or collectively to the group of Annex-1 countries or OECD countries. This latter approach would of course create the need for

a burden-sharing mechanism.

This approach would establish a dual commitment system that would simplify the JI discussion substantially, because it would eliminate the need to decide on crediting arrangements. It would also make a step in the direction of controlling global emissions, which is what the ultimate objective of the convention requires.

Option 5: Protocols in which further reduction targets for Annex-1 countries are combined with additional commitments for certain non-Annex-1 countries:

The above (mostly Annex-I) options can for instance be combined with additional requirements for non-Annex-I countries on reporting in relation to JI arrangements. Alternatively some additional commitments might be appropriate for more advanced non-Annex-1 countries.

Analysis of options

When the options presented above are analysed, the following observations can be made:

- a. Clarifying the language of art. 4.2 (option 1) is important in order to maintain a level playing field in implementing the convention by Annex-1 Parties. A clear and quantitative language specifying the requirement to return emissions to their 1990 levels by 2000 would eliminate confusion about the convention requirements. However, spending time on an amendment of art. 4.2 or a protocol for that purpose only would distract from negotiations on guidance for measures or reductions of emissions beyond the year 2000. However, in the absence of such actions towards CoP-1, clarifying the language would be useful.
- b. More attractive is to negotiate an agreement that contains clarification of the language and introduction of the "cap" (combination of option 1 and 2). However, a similar concern applies as above: negotiating such an agreement might distract from negotiating a net reduction of emissions. Nevertheless, in combination with other options, option b can be helpful.
- c. The standards, measures and instruments approach (option 3) offers examples of complementary approaches to a targets and timetables approach. It might require considerable time to negotiate. Advantage is that this approach might meet economic arguing. But without combined approach, some measures will have a limited effect, while others could have an greater effect. Therefore, some, such as efficiency standards, economic instruments and transportation measures, including automobile fuel efficiency standards, are attractive enough to start work on, with the intention to take decisions at CoP-2 or later.
- d. An HFC protocol has a unique potential of controlling an emerging problem: HFC's are being introduced as replacements for CFC's and HCFC's that are phased out under the Montreal protocol arrangements. While they have no ozone depletion characteristics they have a very powerful greenhouse warming potential and a very long life-time. Early action on HFC's while there is still only limited production capacity and applications are still being developed is much more attractive than having to phase-out these substances when their market is much bigger and the number of stakeholders has increased substantially. Although it is not helping much to reduce emissions of GHG's in the short term, it will help us to prevent substantial growth of these GHG's in the future. Rough estimates indicate that HFC emissions could lead to a 10% increase of current GHG emissions (in CO₂ equivalents) over time.

An HFC protocol should preferably take the form of an agreement to limit applications of HFC's to so called closed systems restrictions and could also be phased in over time in order to allow manufacturers to reduce leakage rates of equipment. In the context of such a protocol it could also be resolved how HFC's are being included in GHG emission inventories (based on production /consumption data or actual emissions).

- e. Setting targets for stabilization of global emissions (and/or reductions of emissions by Annex-1 Parties) (option 4) seems to be necessary to make sufficient progress towards meeting the ultimate objective of the convention.

Stabilization of global emissions will require both emission reductions in industrialised countries as well as a moderated growth of emissions in developing countries. As far as the latter is concerned technology transfer, the financial mechanism under FCCC and other bilateral and multilateral investment assistance programmes are essential. Joint Implementation can also make a significant contribution, provided an acceptable system and adequate protection against misuse can be developed. Figure 1 gives a graphic representation of how global emission stabilisation can be reached.

Option 4A (collective reduction targets in industrialised countries) would require agreements on a target for further reduction of GHG emissions and on ways to share the burden. Sharing the burden between Annex-1 countries could be done through differentiated reduction targets or (in case a collective target is assumed) would require agreement on a formula to divide the collective target into individual Party targets, with or without tradeable quota systems. That is not easy but as the example of the US tradeable permit system for SO₂ shows, not impossible either.

Option 4B does seem to provide the best possibility to reduce global emissions, while Annex-1 countries only make modest progress with further reductions at home (only "cap"/ stabilisation or limited reductions). This option would in theory enable to compensate for the growth in emissions of developing countries by actions in those countries through JI arrangements, paid for by Annex-1 countries. In this way it would be possible to stop the (under the current commitments still ongoing) growth of the global emissions. Such a situation should be reached within a reasonable time-frame after the year 2000 if the world wants to control the greenhouse effect in time.

Making a clear distinction between national reductions in Annex-1 countries and "international reductions" (those realised in non-Annex-1 countries, but paid for by Annex-1 countries) might facilitate agreement on the conditions for JI, because JI could not longer be seen as an "escape" from national obligations and many complicated issues around arrangements for "crediting" can be postponed to a next phase, when integrated emission reduction commitments could be negotiated based on the experience gathered during a "dual commitment" phase.

- f. The choice between amendments and protocols for further action is not a simple one. Both have advantages and disadvantages. Protocols do have the advantage that groups of countries to which certain issues apply may negotiate a protocol between them (such as Annex-1 countries) which simplifies matters somewhat. Protocols could also be negotiated in a way to make them flexible enough to react quickly to new scientific evidence (as the example of the Montreal Protocol shows). On the other hand, FCCC does already contain commitments and developing two different regimes might complicate the matters.

Nevertheless, a protocol seems to be the preferred form for strengthening FCCC.

Netherlands position on actions to be taken

The Netherlands finds it necessary (as was also expressed by the EU) to agree between Annex-1 Parties on a straightforward and quantitative interpretation of art 4.2.a and b at CoP-1.

Annex-1 Parties' emissions should be prevented from growing again after returning them to their 1990 levels, not only because article 4.2.a. speaks about "changing long term trends..", but also because only a downward trend of emissions will allow us to control the greenhouse effect in the long run. It is therefore necessary to introduce commitments for a "cap" of Annex-1 Parties' emissions (also expressed as stabilising emissions). This could be a "collective cap". A "net reduction" (to be negotiated) to be reached at some point beyond the year 2000, is however preferable. In the absence of such an agreement, the "cap" or "stabilising" agreement is important in order to prevent emissions to grow again after 2000.

It is important to negotiate a "net reduction" agreement as soon as possible containing quantitative emission reduction targets with appropriate time-tables for years beyond 2000. Such an agreement should focus on stopping the growth of global emissions as soon as possible and should therefore include JI arrangements. A "dual commitment" approach might be useful in that respect.

In conjunction with reduction of emissions, agreements should be negotiated on sector specific standards, measures or instruments, because that might meet economic arguing in the process of seeking structural comittment. Efficiency standards, economic intruments and transporation measures are particularly promising. Although limited in its effect on emission levels in the short term, a quick HFC protocol to curb the growth of emissions due to replacing CFC's is necessary and seems feasible.

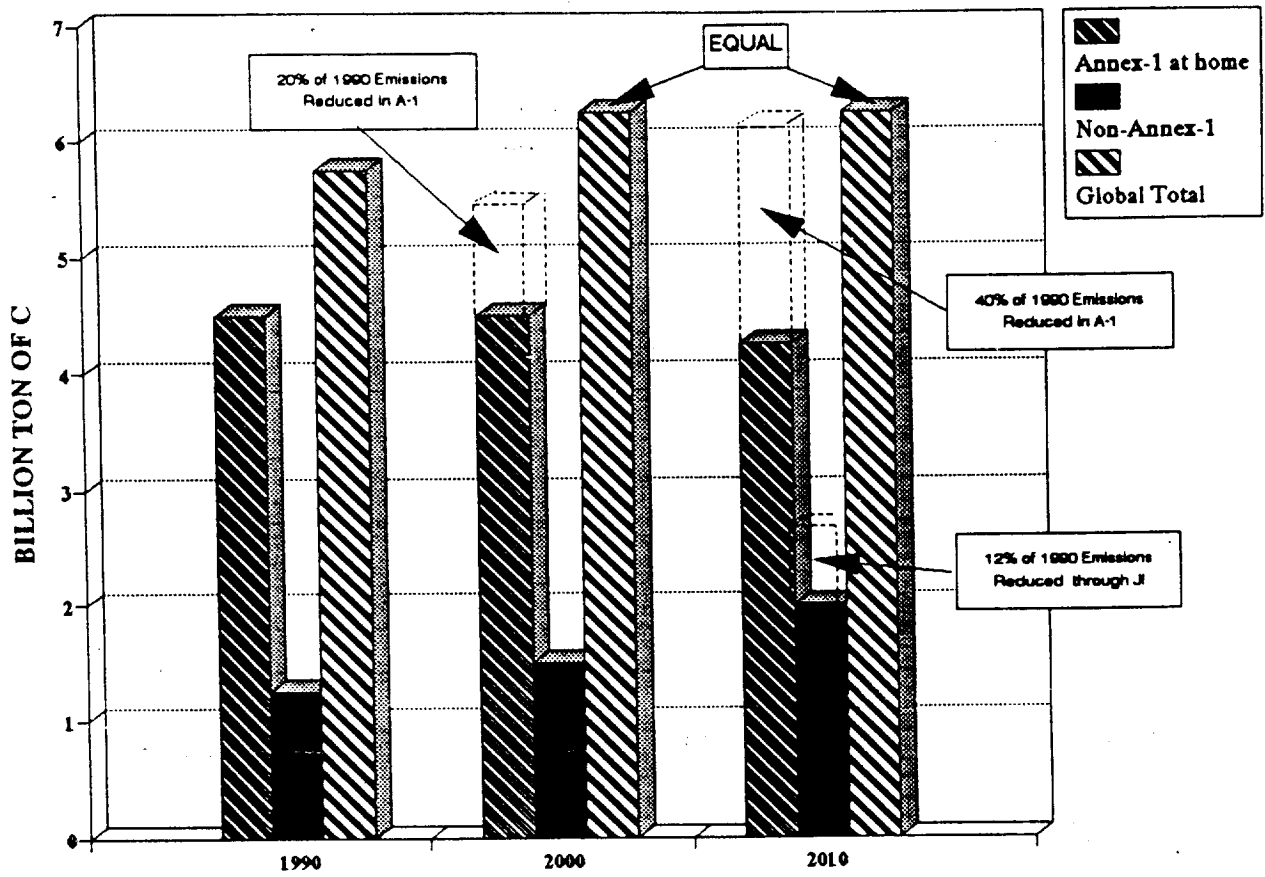
Additional requirements for non-Annex-1 countries should be included in the emission reduction and sector specific agreements. In particular reporting requirements in conjunction with JI arrangements and limitation of emission growth for certain more advanced developing countries should be considered.

Intervention of The Netherlands on "Adequacy of Commitments"

1. The Netherlands fully supports the intervention made by Greece on behalf of the European Union and wants to make a number of additional remarks.
2. With respect to the process of the review the secretariate in paragraph 7 of A/AC.237/47 asks for guidance on the scope of the review, expected inputs and their timing and scheduling. Since the great majority of countries agrees that available scientific information does warrant the conclusion that the commitments in art. 4.2.a and b are inadequate, it is important to simplify the review process as much as possible in order to limit the need for already scarce resources and already limited available time. Resources and time that should be spent on investigating and negotiating what steps should be taken to strengthen the Convention. The secretariate should therefore prepare a detailed schedule, taking into account what was already said in doc A/AC.237/47, which lays out the exact time schedule and inputs for a simplified review procedure based on available information as well as information that would become available through IPCC's Special Report and the compilation of Annex-1 communications.
3. Regarding the various options for strengthening the Convention it is important to realise that commitments in order to fullfil the ultimate objective of the Convention have to be developed on a step-by-step basis. The current commitments are the first step and as a consequence of concluding that the first step is not enough, we are discussing what the second step should be.
4. Again, in order to spend our available resources efficiently, the option of amending the current text of art 4.2.a and b is not favoured, because it would distract us from the much more important task of negotiating reduction requirements for the period after the year 2000.
5. The option of developing protocols on standards, sector specific measures and instruments is important because it could help Parties to overcome the resistance against measures to reduce GHG emissions in the framework of their national policy implementation. As many Annex-1 parties have already found out, it is extremely difficult for an individual country to implement measures in economic sectors that are sensitive to international competition. Harmonisation of such measures and application of instruments can help countries to overcome these problems. This approach should of course go hand in hand with developing targets and timetables for further reductions of GHG's after the year 2000. Both approaches belong together. They are two sides of the same coin.

6. With respect to agreements on reductions of GHG emissions we have already discovered during the negotiations leading to the current Convention, that differences in countries with respect to costs of measures are significant. In negotiating the next step we therefore cannot longer use an "everybody is the same" approach. A possible solution is to go for collective reductions by a group of Parties (Annex-1, Annex-2 or any other group) and to share the burden between the partners in the group. This is by no means a simple procedure, but in view of the differences between countries it seems worthwhile to investigate this approach further.
7. In view of the fact that for controlling global GHG emissions over time world-wide collaboration is essential and costs of actions have to be kept as low as possible, it is our opinion, that Joint Implementation should play a significant role in any future agreement on GHG emission reductions. We are still discussing how the instrument of JI should be used in the framework of the Convention, and we should of course not prejudge the outcome. However it would greatly simplify the discussion on JI if -as part of negotiating further emission reductions- we could agree on separate commitments for national reductions and for international reductions (through JI). This would avoid difficult questions regarding JI such as how much should be done at home and how much abroad. The balance would be the result of a transparent negotiating process.
8. One specific option for early action is a protocol on HFC's. These gases are attractive replacements for CFC's and HCFC's that are currently being phased out under the Montreal Protocol. HFC's do not have an ozone depletion potential, but unfortunately they are powerful GHG's. At this moment the production and application of HFC's is still rather limited, but their use is growing rapidly. When we wait 5 or 10 years it will probably be very costly and very difficult to reduce emissions of these gases. At this moment however it would be relatively easy. The Netherlands therefore proposes the development of an HFC protocol to the Climate Convention that would limit the growth of HFC emissions to the atmosphere by restricting the use of HFC's to closed systems. Such a protocol could be fairly simple and straightforward and could be negotiated in time for decision making at CoP-1.
9. In view of the broad interest of countries in developing options for further reductions of GHG emissions the secretariate -in line with the request made in para 7 of A/AC.237/47- should definitely do analytical work and prepare scenario's in order to facilitate negotiations.

STABILIZATION OF GLOBAL GHG EMISSIONS



PAPER NO. 8: NEW ZEALAND

My delegation welcomes this opportunity for a first discussion of the adequacy of Framework Convention on Climate Change (FCCC) commitments. While the Intergovernmental Negotiating Committee (INC) has a heavy load of tasks which are to be completed for the first meeting of the Conference of the Parties (COP I), it is fully appropriate - and even necessary - to approach this work with a long termview. Accordingly, we believe it to be desirable, even at this early stage, to address the adequacy of FCCC commitments.

The objective of the FCCC is ambitious. We believe that a range of measures will be necessary, if we are to achieve that critical objective. The current commitments identified in Article 4 and especially those in Article 4.2 (a) and (b) are a very important first step in the direction of the objective. But additional measures will be necessary. The current framework will need to be further developed, especially for the period after 2000.

New Zealand supports the development of a process for strengthening the FCCC. This process should draw in all Parties to the FCCC, recognising that every country makes a contribution to the problem of climate change and that collective efforts which take due account of the differences between countries are necessary to achieve the FCCC objective.

Against this background, my delegation believes the process for strengthening the FCCC should:

- * take due account of relevant scientific information, especially advice received from the Intergovernmental Panel on Climate Change (IPCC) and a synthesis of material on the global situation prepared by the INC acting on behalf of the interim subsidiary bodies.

- * refer to information communicated by Annex I countries on their actual and planned policies and measures to address climate change.

- * take into account the differences in Parties' starting points and approaches, economic structures and resource bases.

- * recognise the need to maintain sustainable economic growth, as strong and resilient economies provide the best foundation for lasting and effective action on climate change.

- * foster a partnership between governments, but also draw in others with an important role to play, including major business interests and environmental groups.

As for the product or products of such a process, my delegation recognises that a range of views already exist. We are willing to explore the various possibilities. We firmly believe that a

level playing field is necessary and that measures should be sufficiently flexible to take equitable account of differing national circumstances.

As an indication of our initial views, my delegation can endorse consideration of a firmer developed country commitment by the year 2000.

We can also support the development of FCCC measures, including targets and timetables, for action beyond 2000. We would welcome consideration of innovative ideas in that respect.

We are flexible on the means by which any agreed measures might be put in place and look forward to a full exchange of views. Based on the Secretariat's helpful paper, our initial sense is that looking to the long term the Protocol route probably makes the most sense. Amendment of the FCCC itself could prove problematic, depending upon the nature of changes proposed. And, as others have noted, we would not wish discussion of possible new measures to lead to a reopening of debate on elements enshrined in the current framework convention.

Issues on which we have an open mind, but believe should be addressed include the scope of measures; whether these should be codified in a single protocol or through a range of instruments and arrangements, and the threshold for the entry into force of any new instrument or instruments.

One area in which we have some initial thoughts is the possible development of a mechanism for closer links between the Parties to the FCCC and major transnational businesses whose products or activities have significant climate implications. We hope to have amore formal suggestion to make at INC 10.

We believe a helpful outcome from this meeting would be agreement on a process of work for further elaborating the current FCCC framework. Recognising the amount of work necessary in order to reach agreement on new measures and the other pressing tasks before us, we think it would be realistic to establish a timetable of work up to and beyond COP I in 1995. COP I will be an important marker along the way and might be an occasion to reach some initial decisions, in keeping with Article 4.2 (d). But the realities of the negotiating process are such that agreement on a range of measures that can make a very substantial contribution to meeting the FCCC objective will most likely take more than thirteen months.

In conclusion, New Zealand welcomes this discussion and supports the elaboration of a process for strengthening the FCCC, not only by the year 2000, but also after that date. My delegation stands ready to play a full part in that process and to support practical, flexible and equitable measures which will enable us collectively to achieve the FCCC objective.

**FRAMEWORK CONVENTION ON CLIMATE CHANGE
STRENGTHENING COMMITMENTS AND FORGING NEW LINKS**

Summary

As a range of innovative measures will be required to achieve the objective of the Framework Convention on Climate Change (FCCC), it is suggested that one element be the creation of new links between the Parties to the FCCC and key transnational business groups with the aim of reaching understandings about the contribution certain industry groups can make to reducing overall emissions of greenhouse gases. Such an approach could be beneficial by encouraging actions that combine the objectives of economic efficiency and global environmental benefits. It would also recognise the critical role of international business in efforts to protect the global environment for future generations.

Background

a FCCC Objective

2 The FCCC objective is to achieve stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a timeframe 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.

3 The FCCC recognises that the widest possible cooperation will be necessary to achieve this objective. It is also clear that a wide range of policies and measures will be essential if the international community is to meet the objective of the FCCC.

4 All countries have an important role to play in this process, in accordance with their common but differentiated responsibilities and respective capacities and their social and economic conditions. Governments will need to develop policies and measures appropriate to their national circumstances.

b Role for International Business

5 However, it is also the case that international business interests have an important part to play in efforts to address the problem of climate change. Countries and individuals are dependent upon products which, through their manufacture or use, contribute to greenhouse gas emissions. In some instances, a relatively small group of international interests account for a high percentage of the global market share of a particular product. Examples may include automotive manufacturers, aircraft manufacturers, the petroleum refining industry and manufacturers of nitrogen fertilizers.

6 International business interests have already made a positive contribution to efforts to address global environmental problems. A number of industries have responded quickly to the challenge to identify and make available effective and economic alternatives to ozone-depleting substances (although the issues involved with the latter were more clear cut than the complex subject of climate change). Others, including the Business Council for Sustainable Development, have contributed positively to the process leading to the United Nations Conference on Environment and Development in 1992. There is a clear role for business to respond to the challenge of climate change.

New Consultative Mechanism

a Proposed Arrangements

7 It is proposed that Parties to the FCCC develop a mechanism for dialogue with international business interests which account for a high percentage of any product or process which is associated with significant emissions of greenhouse gases. The aim would be to reach understandings or arrangements with each identified industry on measures which they could take to reduce their contribution to greenhouse gas emissions (either in relation to their products, or, as appropriate, their manufacturing processes). Such arrangements could be considered to be part of the overall package of measures adopted in pursuit of the objective of the FCCC.

8 The consultative process might involve a representative group of Parties to the FCCC (the Bureau may be one possibility) and senior representatives of identified transnational business interests.

9 Given the importance of making progress towards the achievement of the objective of the FCCC, it is further proposed that a decision be taken at the first meeting of the Conference of the Parties to the FCCC to establish this consultative process. This decision might also identify the industry group or groups that will be approached first and a suggested timetable for action.

10 The product of any consultations might be arrangements identifying possible or agreed industry undertakings. The nature and form of any arrangement could vary from industry to industry, as would provision for ongoing consultation. Any such arrangements could be revised over time to take account of relevant developments.

b Cost/Benefit Analysis

11 If this approach were to be pursued, there would be a need for detailed cost/benefit analysis in relation to specific industry sectors which might be involved. At this initial stage, the following points might be taken into account:

- * New means of reducing emissions. As many major emissions decisions are influenced by transnationals more than by individual countries or governments, the proposed new mechanism would open up a significant new means of working towards the FCCC objective.
- * Consistency with free trade principles. This approach would be consistent with the GATT. It would not create barriers to free trade. While further assessment is necessary, the proposed approach may positively affect the comparative advantages that some countries currently enjoy, especially over the longer term as a discernible trend to higher international standards proceeds.
- * Environmental benefits. Any agreements reached would help reduce emissions of greenhouse gases. There may also be other environmental benefits associated with measures to reduce emissions. There would be a need to assess whether economic growth in some countries could be reduced and therefore their emphasis on environmental goals.
- * Economic efficiency. Rather than a patchwork of different national standards being developed, with greater or lesser damage to the environment, significant industries would be encouraged to meet a more general standard. Such harmonisation might avoid free-rider problems. There would be a need to assess further the degree to which specific economic efficiencies might result, on a case by case basis.
- * Broadening the links. In keeping with the thrust of the United Nations Conference on Environment and Development, governments through the Parties to the FCCC would forge new partnerships with industry interests in an effort to address a common challenge.

PAPER NO. 9: RUSSIAN FEDERATION

В соответствии с решением IX сессии Межправительственного переговорного комитета рамочной Конвенции ООН об изменении климата, направляем Вам наши комментарии относительно адекватности обязательств Сторон Приложения I к Конвенции (статья 4, пункты 2a и 2b).

На наш взгляд, и это мнение было сформулировано в выступлении главы делегации Российской Федерации на МПК-IX, говорить о недостаточности содержащихся в тексте Конвенции обязательств на настоящий момент преждевременно. Это мнение основано на том, что в отсутствие достаточно точных оценок того уровня концентраций парниковых газов в атмосфере, который может негативно сказываться на климатической системе, не представляется возможным принимать достаточно взвешенные и обоснованные решения. Кроме того, не имея четкого представления о реальных возможностях океанов и наземной биоты поглощать и накапливать углерод, не зная досконально биохимических механизмов поглощения и выбросов зелеными растениями углекислоты, любые решения по ограничению антропогенных эмиссий парниковых газов для достижения конечной цели Конвенции будут необоснованными. И, наконец, пересмотр принятых обязательств в сторону их ужесточения, может потребовать от Сторон значительных дополнительных затрат, препятствуя их экономическому развитию, и, тем самым, нарушить один из основополагающих принципов, сформулированных в Конвенции, а именно:

"Стороны имеют право на устойчивое развитие и должны ему содействовать. Политика и меры в области защиты климатической системы от антропогенных изменений должны соответствовать конкретным условиям каждой Стороны и быть интегрированы с национальными программами развития, поскольку экономическое развитие имеет ключевое значение для принятия мер по реагированию на изменение климата".

Принятие решения о неадекватности обязательств конечной цели Конвенции с последующим внесением в текст изменений или дополнений должно стать исключительной прерогативой Конференции Сторон Конвенции. При этом, решение должно приниматься с учетом дополнительных исследований, проведенных экспертами МГЭИК, результаты которых будут опубликованы в специальном Докладе в сентябре 1994 г. Большой вклад в определение адекватности обязательств должны внести первые сообщения Сторон Конвенции, которые будут подготовлены также в сентябре 1994 г. В этих сообщениях должны быть отражены те меры, которые каждая Сторона предполагает осуществлять во исполнение своих обязательств, а также будут сформулированы особые экономические условия стран с экономикой в переходном состоянии, которым может быть предоставлена определенная степень гибкости при выполнении их обязательств (статья 4.6 Конвенции). Только располагая всей этой дополнительной информацией, Конференция Сторон сможет объективно рассмотреть вопрос о внесении изменений или дополнений в текст, или, может быть, о разработке специальных протоколов к Конвенции. Безусловно, только такой подход может обеспечить объективный научно-обоснованный баланс между положениями Конвенции о праве каждого государства на устойчивое развитие, с одной стороны, и необходимостью принятия эффективных мер по снижению негативного антропогенного воздействия на климатическую систему и достижению конечной цели Конвенции, с другой стороны.

Unofficial translation from Russian

In accordance with decisions taken at the ninth session of the INC/FCCC, we are presenting our comments on the adequacy of commitments of the Parties included in Annex I to the Convention (Article 4, paras 2(a) and (b)).

In our opinion at present it is too early to talk about insufficiency of commitments contained in the text of the FCCC and this point of view has been expressed in the Statement of the Head of the Russian Delegation to INC-9. This opinion is based on the fact that in the absence of precise enough assessments of the level of GHG concentration in the atmosphere that could negatively affect the climatic system, it is not possible to take well grounded and substantiated decisions.

Moreover, any decisions on limiting GHG anthropogenic emissions to achieve the ultimate goal of the FCCC will be unjustified without detailed information about the real capacity of oceans and terrestrial biota to absorb and accumulate carbon, and clear understanding of biochemical mechanisms of emission and assimilation of carbon dioxide by green plants.

Lastly, the revision of commitments agreed by the Parties with a view to strengthen them could require significant additional expenditures, thus hindering their economic development and contradicting one of the basic principles formulated in the Convention which reads as follows: "The Parties have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change".

Only the COP should have the prerogative to decide that commitments are not sufficient to achieve the ultimate goal of the Convention, and to modify or amend accordingly the text of the Convention. Moreover, the decision should be made taking into account additional studies, conducted by the IPCC experts, results of which will be published in a Special Report in September 1994. The first communications by Parties to the

Convention to be received by September 1994 should also contribute to the determination of how adequate are the commitments.

These communications will describe the measures that each Party intends to take to fulfil its obligations. Countries with economy in transition will formulate their specific economic situation to be provided with a certain degree of flexibility in implementing their commitments (Article 4.6).

Only after having obtained all this additional information, the COP could objectively consider the matter of modifying or amending the text or possibly attaching special protocols to the Convention. Only such an approach can ensure the objective, scientifically substantiated balance between provisions of the Convention related to the right of each State to sustainable development, and the necessity to adopt effective measures to mitigate the negative anthropogenic effects on the climate system and achieve the ultimate goal of the Convention.

PAPER NO. 10: SWEDEN

1. According to the provisions of the Convention the COP 1 should review the adequacy of commitments on Article 4.2(a) and (b). Such review shall be carried out in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information. Based on this review, the Conference of the Parties shall take appropriate action.
2. At the ninth session this item was discussed for the first time. Many delegations, including Sweden were of the view that existing commitments are not adequate and that the objective of the Convention cannot be met, inter alia in view of the fact that there are no quantitative commitments beyond the year 2000. Sweden is also of the opinion that further amendments to Article 4.2 to the Convention is not appropriate at this stage. The development of the Convention should be based on protocols.
3. The Committee should prepare a report on the review of the adequacy of commitments on Article 4.2 (a) and (b). On the basis of the result of that review the Committee should also discuss what type of actions should be taken.
4. The Committee's report must be based on the best available scientific information about the effect and consequences of climate change. At the time for COP 1 the IPCC second assessment is not available but there should be an opportunity to draw the knowledge on the IPCC first assessment supplementary report as well as other relevant information from competent bodies. Before INC-11 information from the IPCC interim report should be available.
5. Between INC-10 and eleven the secretariat should prepare a draft report to be discussed at INC-11. The secretariat's report should include the following elements:
 - *i a review of the present scientific knowledge of climate change
 - *ii an evaluation of the economic consequences of climate change
 - *iii an estimate of costs for mitigating climate change
 - *iv the legal consequences of paras 4.2 a and b as well as of the objective referred to in para 4.3
 - *v proposals for conclusions and possible actions

6. Chapter i-iii should be based on the IPCC first assessment, supplementary report and the November 1994 interim report. The Chapters could also draw on information from member countries national communication or from other competent bodies to be decided at INC10. It would be valuable to have a discussion in Chapter (iv) of interpretation of Article 2 objectives based on scientific findings. One important source would be the postponed IPCC workshop on that issue. The workshop is going to take place in October 1994. Chapter (v) could be based on submissions from member countries and other relevant sources.
7. The secretariat should present a first draft to INC 10 and work should be finalized by the Committee at INC 11.
8. Sweden believes that the best way to conduct further work under the Climate Change Convention would be to negotiate separate protocols. Such Protocols should address issues that can be expected to attract sufficient interest among a reasonable number of governments for negotiations to be concluded within a fairly short time period. The aim should be to achieve substantial and verifiable concrete commitments from as many countries as possible.
9. New commitments for time periods beyond the year 2000 should take into account the fact that the marginal costs of carbon dioxide emissions reduction varies between countries. We would stress the need for cost-effective measures. Thereby it would be possible to also take into account that the Parties to the Convention have common but differentiated responsibilities. One important step towards negotiating a protocol to the Convention would be to examine and economic instruments. A Protocol on "carbon taxes" would in our view be most welcome.

Sweden believes that it would be worthwhile in this context to examine the possibility of adopting a sectorial or cross-sectorial strategy.

1. Existing commitments are inadequate

There was a clear recognition at the 9th session of the Intergovernmental Negotiating Committee (INC) that the commitments under article 4.2(a) and (b) of the FCCC are inadequate and that further action is required to achieve the ultimate objective of the Convention. Switzerland welcomes and shares this view, since these commitments will not stabilise greenhouse gas concentrations in the atmosphere, do not address the period after the year 2000 and are not global in their scope.

2. The Convention should be strengthened through protocols

Switzerland is of the opinion that the way to strengthen the FCCC is through protocols. Amendments would imply a re-opening of the negotiation of articles 4.2(a) and (b), which we consider problematic, while resolutions are not legally binding.

3. Negotiations of a protocol should be launched at COP1

According to article 4.2(d) of the FCCC, the COP, at its first meeting, should review the adequacy of art. 4.2(a) and (b) "*in the light of the best available scientific information and assessment of climate change and its impacts, as well as relevant technical, social and economic information*". Based on this review, it "*shall take appropriate action, which may include the adoption of amendments to the commitments*" in art. 4.2(a) and (b).

In our view, the arguments underlying the conclusion that existing commitments are inadequate (see 1 above) are sufficient grounds to warrant a decision by COP1 to negotiate a protocol aimed at strengthening the Convention. COP1 should agree on a mandate and a timetable for such a negotiation. Experience gained in meeting existing commitments should be taken into consideration in the development of a protocol.

4. Options for protocols

A variety of proposals were made at INC-9 as regards the content of possible protocols: targets and timetables, emission caps, standards and instruments, single gas approaches, joint implementation, etc. Clearly, each of these options deserve careful consideration in order to find the approach that would both promote an effective strengthening of the Convention and be likely to receive the broadest possible support.

Switzerland's preliminary views on this matter are the following:

- while we recognise the advantages of an all-gas approach, it should be kept in mind that energy-related greenhouse gas emissions are the major contributors to the enhanced greenhouse effect and, as such, deserve a clear priority;

- an approach based on flat rate percentage targets for all Annex I countries does not appear to be a promising one. Indeed, as acknowledged in art. 4.2(a), there are marked differences in Annex I Parties' circumstances, starting points and opportunities and costs for emissions reductions — not to mention the problems encountered by Parties which are economies in transition in the calculation of baselines and emission scenarios. Thus, we tend to favour more differentiated options, such as
 - the international coordination of measures and instruments including economic instruments (*carbon and/or energy taxes, subsidies designed to support renewable energies or efficiency improvements*) and standards (*energy efficiency, fuel consumption, appliance and/or process standards*);
 - sectoral targets and timetables (e.g. energy and/or fuel efficiency improvement rates). Standards and sectoral targets are complementary and, ideally, should be combined. They would ensure predictability, which is an important factor for industry's medium and long term planning, and their international coordination would mitigate concerns about competitiveness;
 - common targets for a group of countries based on burden sharing between partners of the group, after the model developed in the European Union. Such an approach, however, may involve lengthy debate over the allocation of commitments;
 - separate national and international reduction targets, such as suggested by the Netherlands at INC-9. International targets would be based on equitable burden sharing criteria and could be met by joint implementation. In such an option, the emission reductions thus achieved would not be credited to any particular country, but to an international pool. The overall result would be national as well as global emission reductions. In order to assess the feasibility of such an option, however, more experience in the application of joint implementation schemes has to be gained.
- we consider that article 4.2e(i) of the FCCC, which calls for Annex I countries to "*coordinate [...] relevant economic and administrative instruments developed to achieve the objective of the Convention*", constitutes a basis on which to base protocols;
- approaches based on the coordination of measures and instruments or an international commitment scheme could provide an opportunity for some developing countries to join in the negotiation, while targets and timetables would restrict the scope of a protocol to Annex I countries. Coordinated standards, for example, could be beneficial to developing countries, since they would help prevent the transfer of obsolete technologies from developed countries. An international pool of emission reductions would constitute a first step towards a truly global solution to the problem.

PAPER NO. 12: TRINIDAD AND TOBAGO
(On behalf of the Alliance of Small Island States (AOSIS))

The continued growth in emissions of greenhouse gases (GHGs) threatens the very survival of members of the Alliance of Small Island States (AOSIS). Ensuring that the Framework Convention on Climate Change ("the Convention") contains clear targets to limit GHGs to reduce risks to small island and low lying developing countries has been a central concern of AOSIS since its inception. This submission is made by AOSIS to further discussions at INC 10 about the adequacy of commitments of Annex I Parties contained in Article 4.2 (a) and (b) which the first Conference of the Parties (COP I) must review. Initial discussions at INC 9 on this subject revealed that the current commitments contained in those two subparagraphs were not adequate to achieve the Convention's objective in the light of existing recommendations made by the Intergovernmental Panel on Climate Change (IPCC). AOSIS welcomes this recognition and wishes to make the following comments and suggestions as to how further commitments should be elaborated and adopted by Parties to the Convention.

(a) Mechanisms for Strengthening the Commitments

Commitments could be strengthened by means of a COP decision, an amendment to the Convention or the adoption of a protocol. A COP decision may, under certain circumstances, be appropriate to clarify Parties' existing commitments. However, AOSIS does not consider it an appropriate mechanism for developing further legally binding commitments. Amending the Convention may, as many delegations have pointed out, lead unnecessarily to renegotiation of the text. AOSIS therefore favors the adoption of a protocol to strengthen commitments further.

(b) Basic Approach of the Protocol

AOSIS considers that the protocol should build upon the Convention by strengthening the international commitment and capacity to protect the global climate system. The protocol would commit countries who are Parties to it to take further steps to achieve the Convention's Objective -- stabilization of atmospheric greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system. In doing so, the protocol would adopt an overall comprehensive and integrated approach to the reduction of GHGs controlled by the Convention. The protocol should therefore contain a number of general commitments which would have the effect of reducing all GHGs. In addition it should contain quantitative targets and timetables for reductions in individual GHGs.

Initially, the immediate focus of the protocol should be on developing targets and timetables for reducing carbon dioxide emissions, recognizing that such reductions will also afford some reduction in other GHGs, notably methane. Specific targets and timetables in respect of other GHGs would be elaborated and adopted in a phased manner to be specified in the protocol itself. By agreeing to adopt a phased

approach for the elaboration of future targets and timetables, Parties to the protocol would create a practical regime for the elaboration of the Convention.

As the Convention requires developed country Parties to take the lead in combatting climate change, the immediate focus of the protocol would be on strengthening the commitments of developed country Parties and other Parties listed in Annex I of the Convention. Where possible, non-Annex I Parties should be encouraged to play a greater role.

(c) Core Commitments

The protocol would oblige Parties listed in Annex I of the Convention to reduce the emission of carbon dioxide by at least 20% by the year 2005 using 1990 as a basis. In addition, in accordance with the concept of a phased approach to targets and timetables outlined above, the protocol would define a process and procedures obliging Annex I Parties to elaborate and adopt specific targets and timetables in respect of other GHGs within a time frame to be specified in the protocol itself.

The targets and timetables established in the Protocol would apply only to developed country Parties listed in Annex I of the Convention. These commitments should be reviewed and revised as appropriate at periods specified in the protocol based on the precautionary principle and the best available scientific evidence to achieve the overall objectives of the Convention. In the long term the Convention and the protocol will be successful only if global atmospheric concentrations of GHGs are limited. The protocol would specify a point in the future when, in accordance with the principle of common but differentiated responsibility, Parties to the Convention and protocol will re-examine the global effort to address the threat of climate change.

The protocol should not be limited to quantitative targets and timetables alone. There is an urgent need for Annex I Parties to coordinate relevant economic and administrative instruments. The obligation in Article 4.2 (e) should be developed further in the protocol by including mechanisms to ensure that Parties adopt or coordinate specific measures and strategies. These measures could include coordination of economic instruments such as taxes or subsidies, or administrative instruments such as least cost or integrated resource planning, energy efficiency standards, and measures encouraging increased use of renewable sources of energy, addressing GHG emissions in the transportation, forestry and agriculture sectors, and land use.

(d) Institutional Mechanisms

The financial mechanism, Secretariat and subsidiary bodies of the Convention could be available for use to the Parties to the protocol who would of course, have their own Conference of the Parties. Duplication, overlap and conflicts between the institutional structures of the Convention and those of the protocol need to be carefully considered and avoided.

(e) Financial Mechanism/Technology Transfer

The financial mechanism would support inter alia, efforts to develop, use and transfer technologies for renewable and energy efficiency. Technology transfer and capacity building will assist the developing country Parties' efforts to place their emissions on a declining path for the future.

(f) Ensuring Effectiveness

The protocol would contain provision for review and reporting, ensuring that the protocol remains responsive to new scientific and technological developments and new information. Provisions would be included to require Parties listed in Annex I of the Convention to produce least cost implementation strategies on the basis of agreed methodologies which could include the full costs and benefits of for example, renewable and energy efficiency sources.

(g) Procedural Issues

AOSIS proposes that INC 10 discuss how negotiations on the text of a protocol can take place either at INC 10 or at additional intersessional meetings convened specifically for this purpose and develop the text of a consensus resolution to be adopted at COP I calling for adoption of the protocol.